

Ref. No: AIL/B-37/2018/822

October 17, 2018

To,
Listing/Compliance Department
BSE LTD.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

BSE CODE –524208

To,
Listing/Compliance
Department
**National Stock Exchange of
India Limited**
“Exchange Plaza”, Plot No.
C/1,
G Block Bandra - Kurla
Complex,
Bandra (E), Mumbai – 400
051.

NSE CODE : AARTIIND

Dear Sir/Madam,

**Ref.: Submission of Annual Report under Regulation 34 of the SEBI
(LODR) Regulations, 2015.**

We are enclosing herewith the Annual Report of the Company for the
Financial Year 2017-18.

Kindly take note of the same.

For AARTI INDUSTRIES LIMITED


RAJ SARRAF

COMPANY SECRETARY

 ICSI M. NO. A15526

Encl.: as above.



AARTI INDUSTRIES LIMITED

Global Partner of Choice

ANNUAL REPORT 2017-18



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Forward-Looking Statements

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

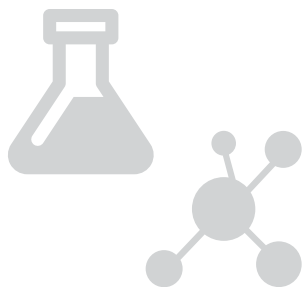


To view this report online, please
log on to www.aarti-industries.com

From a humble beginning with two products and one manufacturing unit in 1984...

...to over 200 products and 17 manufacturing units today, we are a US\$ 1.4 Bn+ Company by market cap,

with deep-rooted relationships with leading global manufacturers of a wide range of products ranging from Agrochemicals to Polymers to Pharmaceuticals to Dyes & Pigments to Beverages to Fuel Additives to Home and Personal Care Products.



At the heart of this enduring success and all-round value-creation has been our abiding vision and steadfast philosophy of evolving as **'Global Partner of Choice'** in the true spirit of the word. Driven by this fundamental vision, we invested in relationships with a firm belief that **in relationships, lie rewards**. We strengthened our core competencies around Benzene derivatives and downstream products to expand both, our presence as well as our product portfolio. We built scale to capitalise on a growing market opportunity and established ourselves in global markets like the USA, Europe, China, Japan and Rest of the World.

Today, we are at the cusp of the next phase of growth.

In addition to the growth and expansion of the Benzene value chain, we further diversified into Toluene value chain and are looking forward to expand further as well. The Pharmaceuticals business is gaining momentum with a promising potential ahead. Our focus on combining strength and scale with sustainability has created a distinct edge and proposition for all our stakeholders. We look positively ahead into a future of bigger opportunities, guided by a single-minded focus to become a

**Global Partner
of Choice**

At a Glance

We combine chemistry competence and scale-up engineering competence to offer cost-effective export-grade, value-added products. We are the global leaders in the Benzene-based chemistry and have diversified into leadership position across other derivative chains as well.

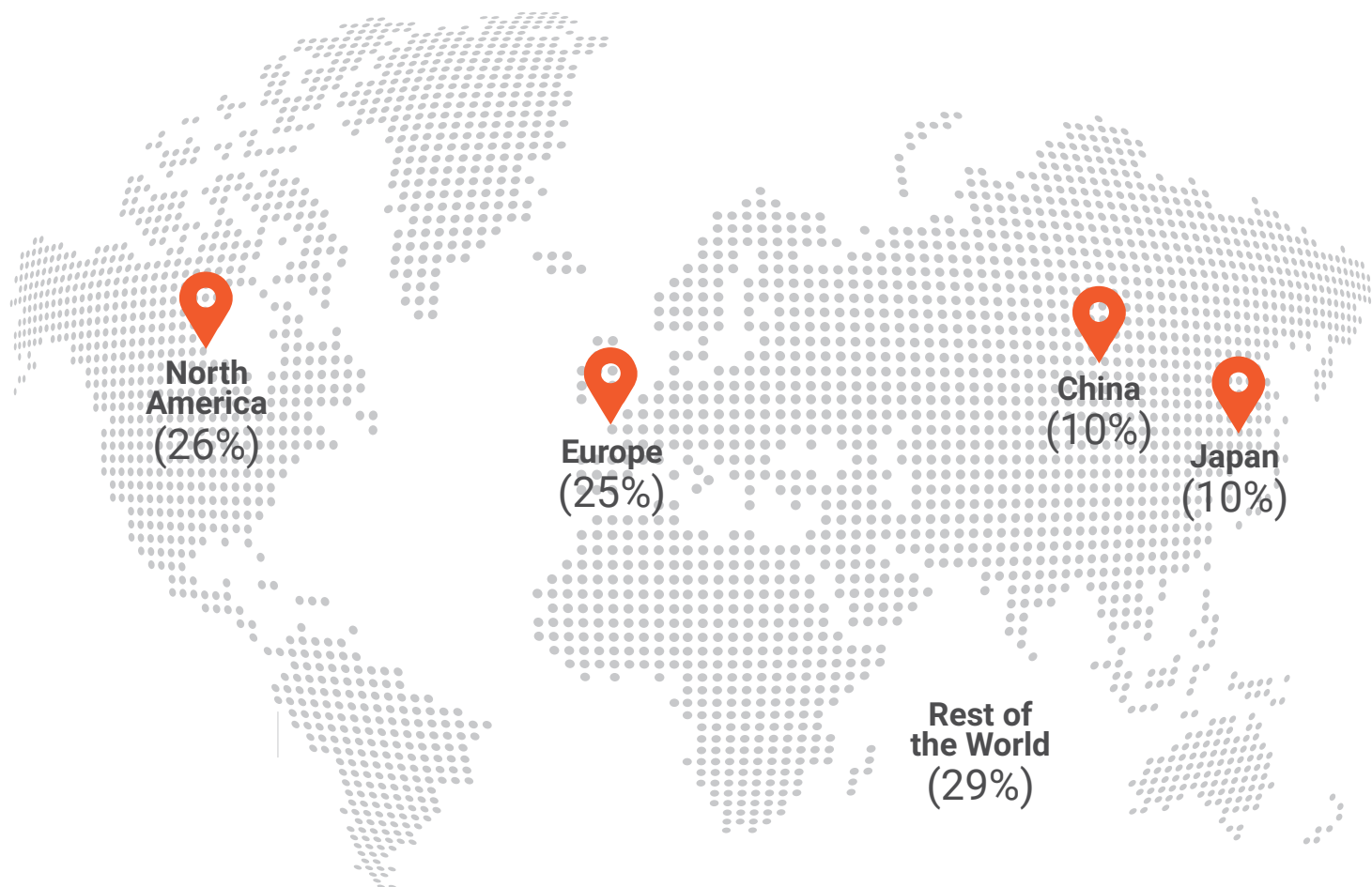
Business Segments

We operate through 3 segments – Speciality Chemicals, Pharmaceuticals and Home & Personal Care (H&PC). The Speciality chemicals segment accounts for close to 78% of our revenues, while the Pharmaceuticals and H & PC division contributes over 15% & 7%, respectively.



Global Footprint

We export to more than 60 countries with a majority of our revenue from customers that have a long-term relationship with us.



Map not to scale. For illustrative purposes only.

Our Values

Care



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

Integrity



We practice highest ethical and moral standards.

Excellence



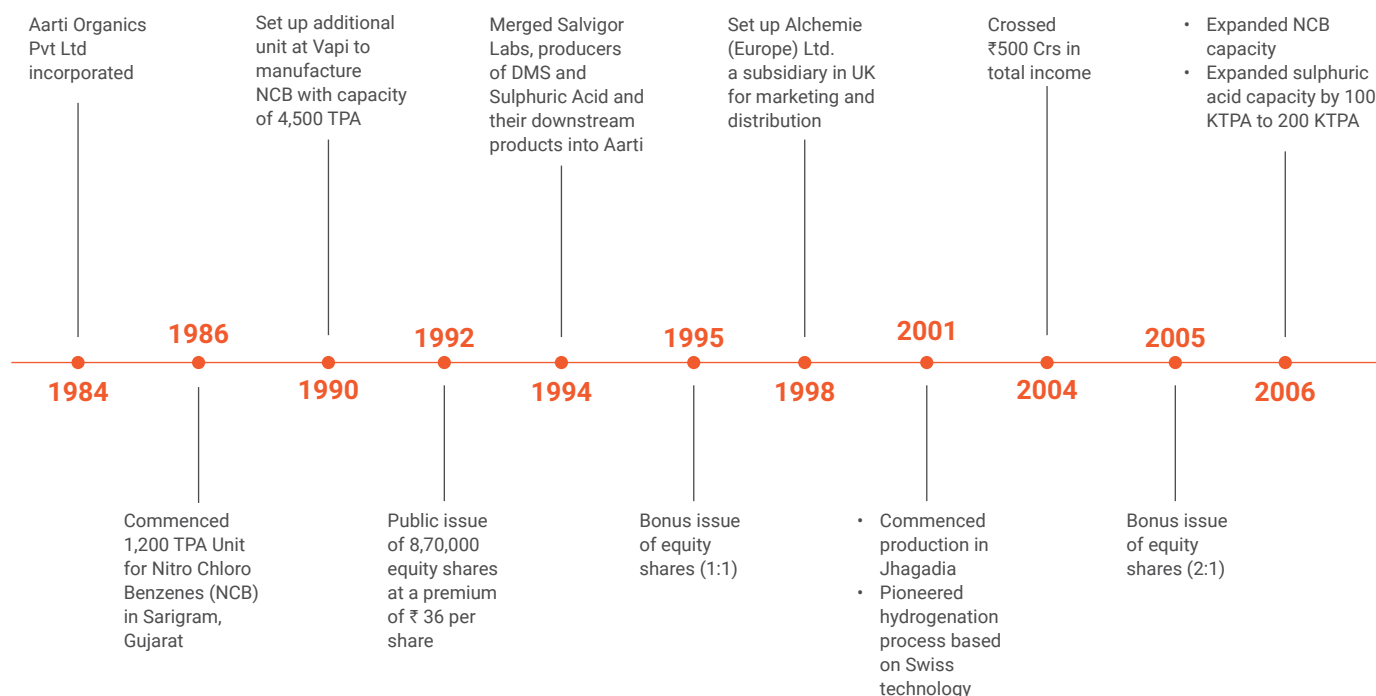
We continuously raise the bar of our performance to delight our stakeholders.



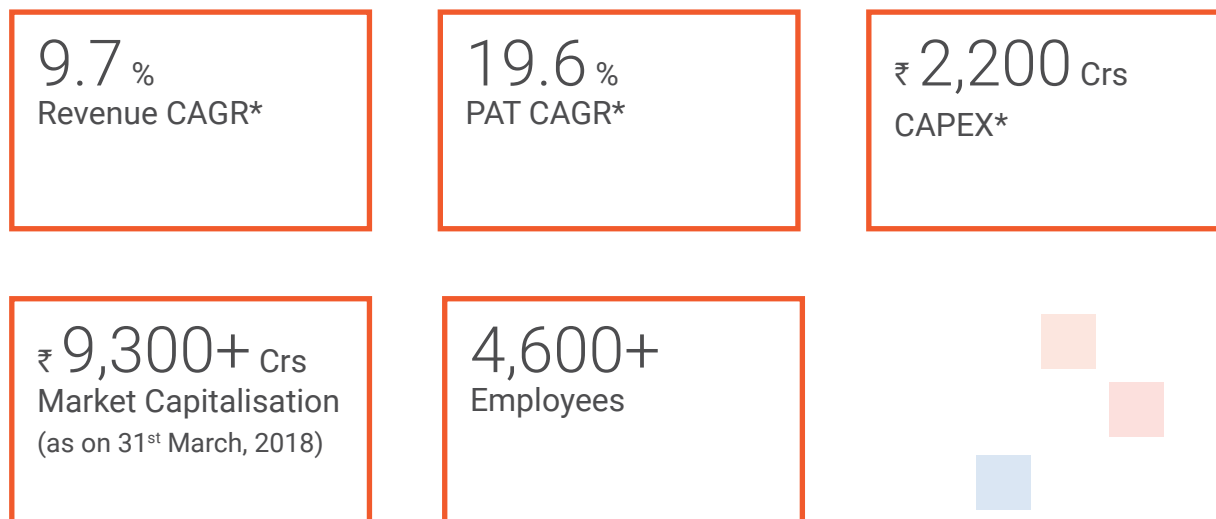
Our Strengths

- Manufacturing Plants in close proximity to ports - strategic logistic advantage
- Integrated value chain
- Global-scale facilities
- Diversified end-use and geography
- Customer-centric approach with enduring relationships with marquee global chemical companies
- Active Pharmaceutical Ingredients (API) manufacturing plants approved by US Food and Drug Administration (USFDA)
- Backward Integration of intermediates which are used for API & Sales
- DSIR-recognised R&D Centre
- Thrust on sustainability and responsible manufacturing

Journey of Excellence



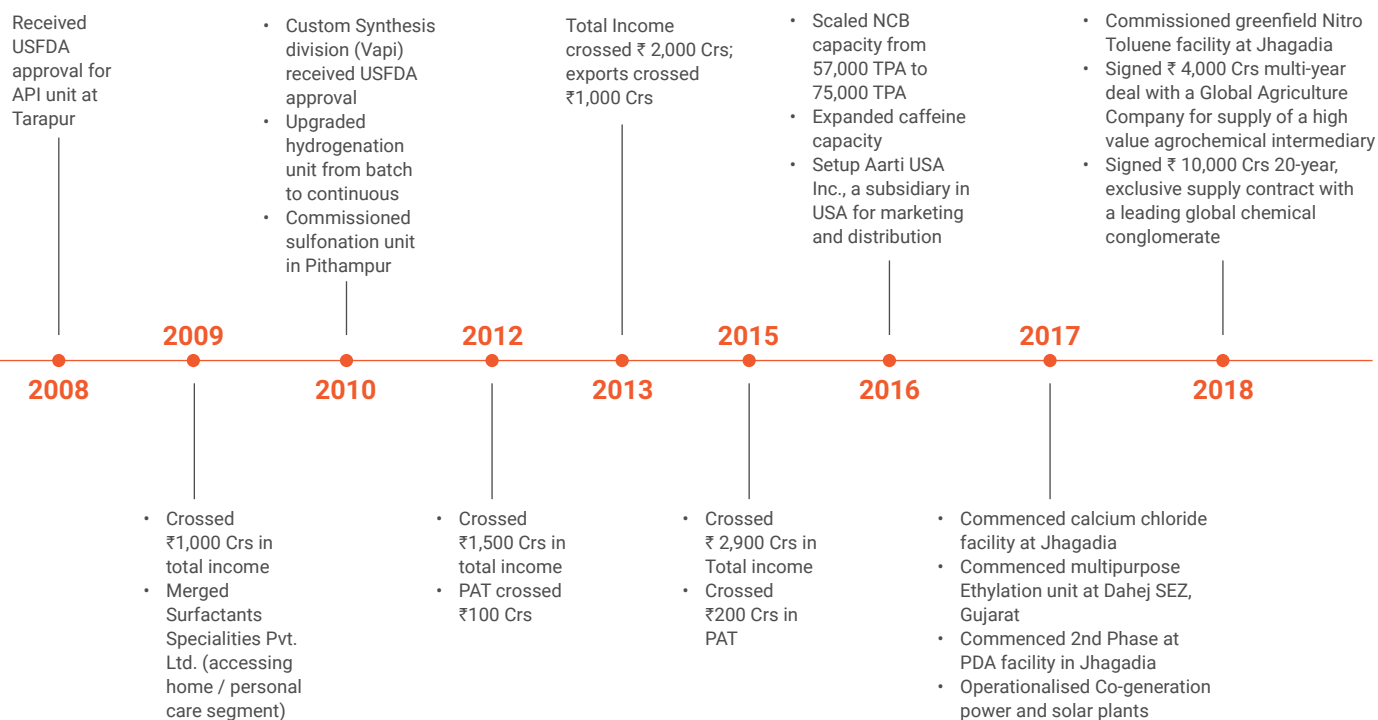
Key Numbers



*over the last 5 years

Our technical excellence, well-thought-through approach to growth, thrust on Research and Development (R&D), adherence to the high standards of environmental safety and deep ties with customers have been the key drivers of our sustained growth. We have built a solid foundation for long-term value creation for all stakeholders.

It took us 30 years to achieve a PAT of ₹ 100 Crs and only 6 years for us to jump to a PAT of over ₹ 300 Crs.



Financial + Operational Highlights

Financial Highlights*

₹ 3,806 Crs
Revenue

₹ 707 Crs
EBIDTA

₹ 333 Crs
PAT

₹ 40.95
EPS

₹ 1,655 Crs
Net Worth

*Figures as on 31st March, 2018

Credit Ratings

Long-Term

CRISIL AA-/Stable

India Rating AA-/Stable

Short-Term

CRISIL A1+

India Rating A1+

Since, we are a make-to-order organisation, we enjoy higher revenue visibility. Our ability to service the current and debt remains strong. Our strong credit rating further validates the robustness of our financial model.

Operational Highlights

17

Plants Operational including 2 USFDA approved facilities

80%

Revenues from customers with relationship of over a decade

₹ 240 Crs

Investment on sustainability in last 5 years

3

R&D centres (4th being set up)

7

Zero liquid discharge plants (2 more to be converted in current year)

5

Co-generation power plants and 5 solar power plants

4

Consecutive export awards by CHEMEXCIL

CHAIRMAN'S MESSAGE



Dear Shareholders,

It is always a privilege to share with you the performance of your Company as well as update you on our future growth strategy. FY 2017-18 has been an eventful year with the US economy continuing to improve on key macro-parameters like employment and consumer spending. In Europe too, most economies showed a positive upturn, except the UK, which continues to face the Brexit challenge. The Chinese economy demonstrated strong resilience.

In India, the highlight of the year was without doubt, the implementation of the Goods and Services Tax (GST). GST is one of the largest indirect tax reforms aimed at creating an unprecedented level playing field with one-nation, one-tax approach, ease of business. A second consecutive normal monsoon added to positivity, as GDP grew by 6.7% for the year.

Our Performance

Your Company has continued to excel across its business segments in the Financial Year (FY) 2017-18. The performance of your Company has been satisfactory on all fronts – customer satisfaction, profitability, expansion, Research and Development (R&D) and HSE standards.

The global agrochemicals, polymer, pigments and pharmaceutical companies have been transforming their procurement models. They are gradually moving away from cost arbitrage-based vendor establishments to knowledge arbitrage-based strategic partnerships. Assured long-term supply and superior

quality have become prerequisites of any supply contract nowadays. That said, the cost competitiveness continues to be important.

Amidst this operating context, your Company has benefited and will continue to benefit tremendously from the trend of rationalisation of vendor base.

In the Financial Year gone by, we secured two multi-year contracts from marquee customers, giving us the revenue visibility of ₹ 14,000 Crs over the contract tenure. This speaks volumes about our long-standing relationships with our clients and the trust they have in us.

Securing multi-year contracts underlines our fundamental vision – to emerge as a Global Partner of Choice for major customers through lasting relationships based on mutual trust and a strong value proposition.

In FY 2017-18, the global crude oil prices rose by 33%. The pass-through

mechanism in our business model shields us from the raw material price fluctuations. Our thrust on integrated product chain and consistent quality of products gives us an additional edge over our competitors.

Globally, the chemicals industry has been undergoing some tectonic shifts. Indian companies focussed on speciality chemicals with better compliance standards are expected to be the major beneficiaries of the growing trend of easternisation and reduction of capacities in China on environmental concerns.

This will give us exciting growth opportunities, and I am glad to tell you, your Company is gearing up for the next phase of growth.

As you might be aware, your Company holds the leadership position in the various product ranges and chemistries. We are the preferred partners of over 300 international corporations and that of about 700 Indian companies.

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

New Opportunities

We are also exploring new growth opportunities beyond Benzene derivatives Chemistry. In September 2017, the Nitrotoluene facility at Jhagadia (Gujarat) became operational, and by the end of FY 2017-18, it reached 40% utilisation. We expect this facility to achieve its peak utilisation over the next 3-4 years with an estimated revenue visibility of ₹ 350-400 Crs per annum.

The pharma segment is also gaining significant momentum. While the revenues have been growing at over 20%, the EBIT has doubled in the last 3 years. Our optimism in this segment remains strong.

With various projects in hand, we are looking at investing further in various greenfield as well as brownfield projects.

A way to responsible growth...

Growth is never a zero-sum game and if it affects the environment, then it defeats all the primary objectives it's meant to achieve.

While we see the trend of easternisation in the chemical industry, which is further extending to India, as an exciting opportunity; sustainability and responsible growth remains a top priority.

At Aarti, we define our purpose as '**Right Chemistry for a Brighter Tomorrow**' where '**Brighter Tomorrow**' means products which are needed for society, i.e. products which help the society make their future bright and '**Right Chemistry**' means the way in which we manufacture these products. These include products such as foods, agrochemicals, lifestyle drugs, high performer polymers, etc.

Uncontrolled growth of industry without relative and adequate measures on environment protection and conservation always possess a threat to the environment. Although environmental compliances in India are more stringent as compared to those in China, the harsh reality is that India too faces the ecological challenges of equal magnitude.

At Aarti, we take a holistic approach to growth. Throughout our journey

over the last 34 years, we have been continuously focussing on achieving higher standards of human and environmental safety and never looked upon safety merely as a compliance practice. In your Company's transformation from a vendor to a preferred global partner, human and environmental safety has always been the priority area for us.

While we take immense pride in being the global partner of choice today, we understand the responsibilities that come along with this status. We continue with our commitment to human and environmental safety.

I thank all our stakeholders for their continued support and trust in the management. Also, on a personal note, I request you to take a small step every day to make this world less polluted and a better place to live.

Warm regards,

Rajendra Gogri

Chairman and Managing Director

Global Partner of Choice Lasting Relationships and Customer-Centricity

We grow with and around our customers ensuring that our customers derive a definite and distinct value by engaging with us for the long term.

We derived over 80% of our revenue in FY 2017-18 from customers that have an engagement with your Company for more than 5 years.

Leading companies using speciality chemicals as their intermediate products prefer a trusted and cost-effective source of supply. They lay a strong emphasis on quality and sustainability of not only products, but also processes. They look at long-term association where vendors evolve and emerge as their preferred partners, supporting them in their quest quality and profitable growth.

Globally, 75% of the speciality chemical products we offer, command a position in the top 4 in their respective categories.

Most of the products that we manufacture have integrated chain and scale creating high entry barriers; require a lot of technical expertise and substantial investments. There are no close substitutes for a number of products to our product offerings.

We are a global partner of choice



Assured supply



Diversified and integrated product range



High-customisation



Cost effective

Our low-cost-high-quality manufacturing has delivered tremendous benefits to our customers over the years. Our capex plans and product development initiatives are always well-aligned with those of our customers.

>80%

of our revenue from customers that have an engagement for more than 5 years

Validation of Lasting Relationships

We entered into a 10-year ₹ 4,000 Crs -contract with a global agriculture company for supply of a high-value intermediates used in the manufacturing of herbicides.

We entered into a contract worth ₹ 10,000 Crs, spread across a period

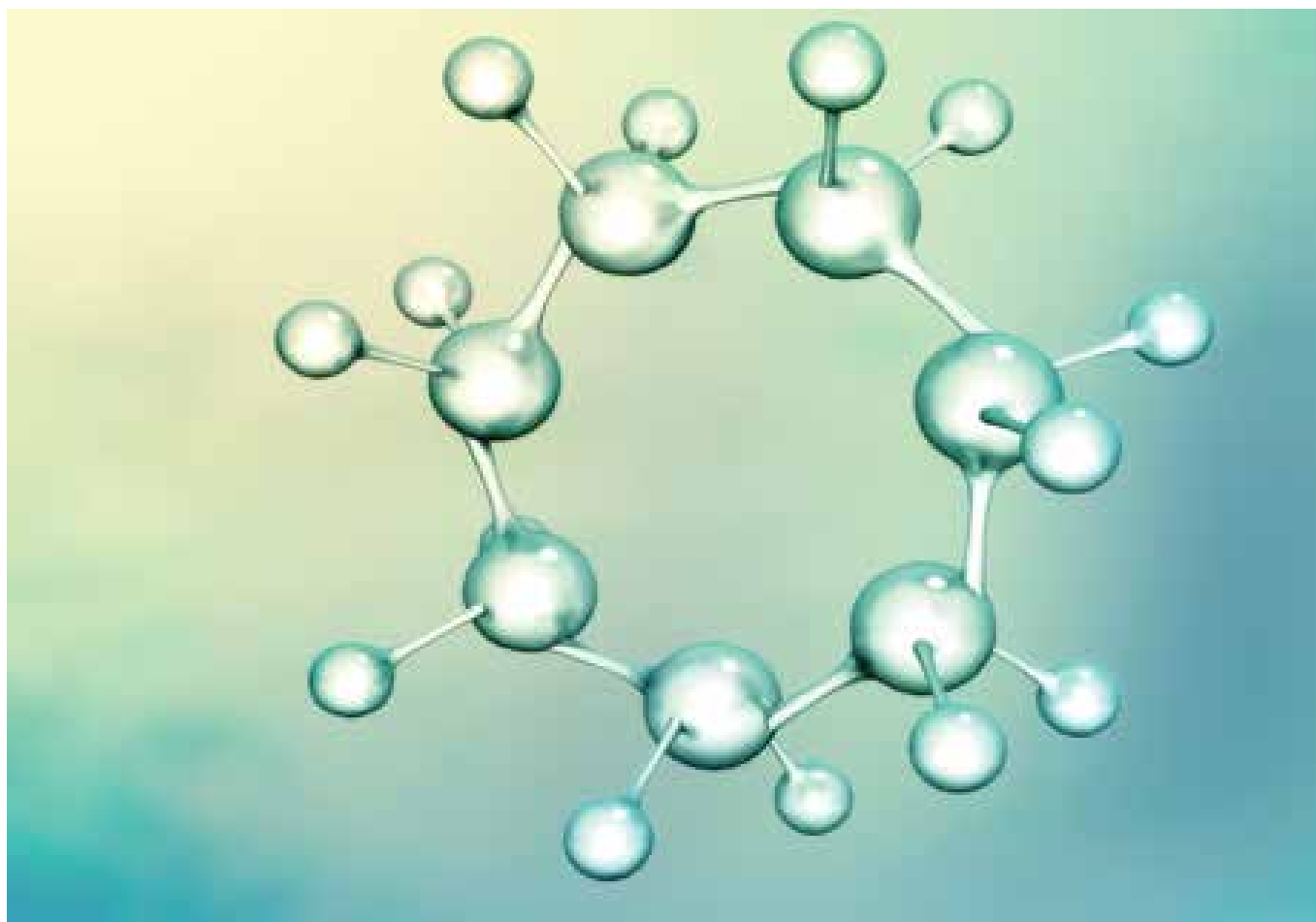
of 20 years from a global chemical conglomerate for supply of high-value speciality chemical intermediates.

The global chemical conglomerate that we entered into a contract with, has also provided us with the basic technology package based on which we will built a dedicated production facility with an investment of approx. US\$ 35-40 Mn. An amount to the extent of US\$ 42 Mn

is being provided as a long-term advance for supplies. This validates the depth of our customer relationships.

75%

of our products command a position in the top 4 in their respective categories, globally.





150

No. of scientists dedicated towards developing breakthrough processes/ products through consistent research efforts.

A Mindset of Efficiency and Optimisation

We enhance the predictability of our customers' businesses and play a pivotal role in helping them maintain consistency in the quality of their products at an affordable cost.

With a focussed mindset of efficiency and optimisation, we achieved backward as well as forward integration for a number of chemicals across value chains. Through our 3-R (Reduce, Reuse

and Recycle) initiative, we have enhanced our operational performance.

We have managed to further reduce our operating costs by adopting optimum plant automation, reducing wastes and using by-products to manufacture commercially viable products.

Our wide and diversified product portfolio means no single product or the

customer accounts for more than 9% of our revenue.

This makes us a one-stop strategic supplier with flexibility and agility to respond effectively to changing demand-supply dynamics and ability to meet evolving needs of our customers.

Investing in Tomorrow

We have 3 R&D facilities of which 2 are dedicated to our pharmaceutical API business and one to the speciality chemicals business. We have an in-house team of over 150 scientists dedicated towards developing breakthrough products through the consistent research effort.

We plan to invest approx. ₹ 75 Crs in setting up the 4th R&D & scale-up unit at Navi Mumbai that will facilitate the further enhancement of product portfolio and also help to further improve our manufacturing processes.

Our knowledge-driven approach has enabled us to launch green, niche and innovative products that offer us higher visibility in demand and also in the revenues.

The implementation of the 3rd phase of REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulations — European Union's regulation is likely to increase the cost of compliance for many Indian chemical exporters supplying chemicals over 1 tonne per annum. We have been ahead of the curve and are REACH-compliant since FY 2011-12.

Global Partner of Choice Robust Business Model

We have always been diligent and prudent in building a strong financial discipline in our robust business model at every stage of our growth and expansion journey.

Efficient use of capital and predictable cash flows play the critical role in deciding a quality of growth. Over the years, as we planned our growth and expansion to capitalise on the high growth opportunities, we ensured a strict fiscal discipline. While we raise debt from time to time, we have always focussed on efficient capital utilisation and optimal deployment to create a business model that is scalable, profitable and predictable.



Our Business Model

Our business model is less vulnerable to external shocks, thus more predictable.

Prices of raw materials that we use are closely linked to the crude oil prices. Pass-through mechanism in our business model helps us pass on the variation in the raw material prices to the customers through a formula-based pricing model. Such practices help us protect our profitability. The demand for most of our products is inelastic. All these factors help us generate predictable cash-flows.

However, fluctuations in the raw material prices affect our top-line

growth. Therefore, growth in absolute EBITDA is the right indicator to measure the performance of your Company, and, not the top-line growth.

Diversification across geographies, industries, products and customers

High dependence on the specific customers, industry and market can expose a business to significant risks. Our well-diversified products, wide customer base across North America, Europe, Japan, China and Rest of the World as well as a spectrum of industries and application areas makes

our business model relatively de-risked. It further gives us greater visibility owing to our strategic relationships.

Our top 10 customers make 27% of our bottom-line and our geographical and industry-wise exposure is reasonably balanced as well.

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

Our Major Customers (end-use wise)

Polymer and Additives



Pigments, Paints, Printing Inks and Dyes



Agro Intermediate and Fertilisers



Pharmaceuticals



Home and Personal Care Chemicals & Other end-uses



Global Partner of Choice Sustainable and Responsible Growth

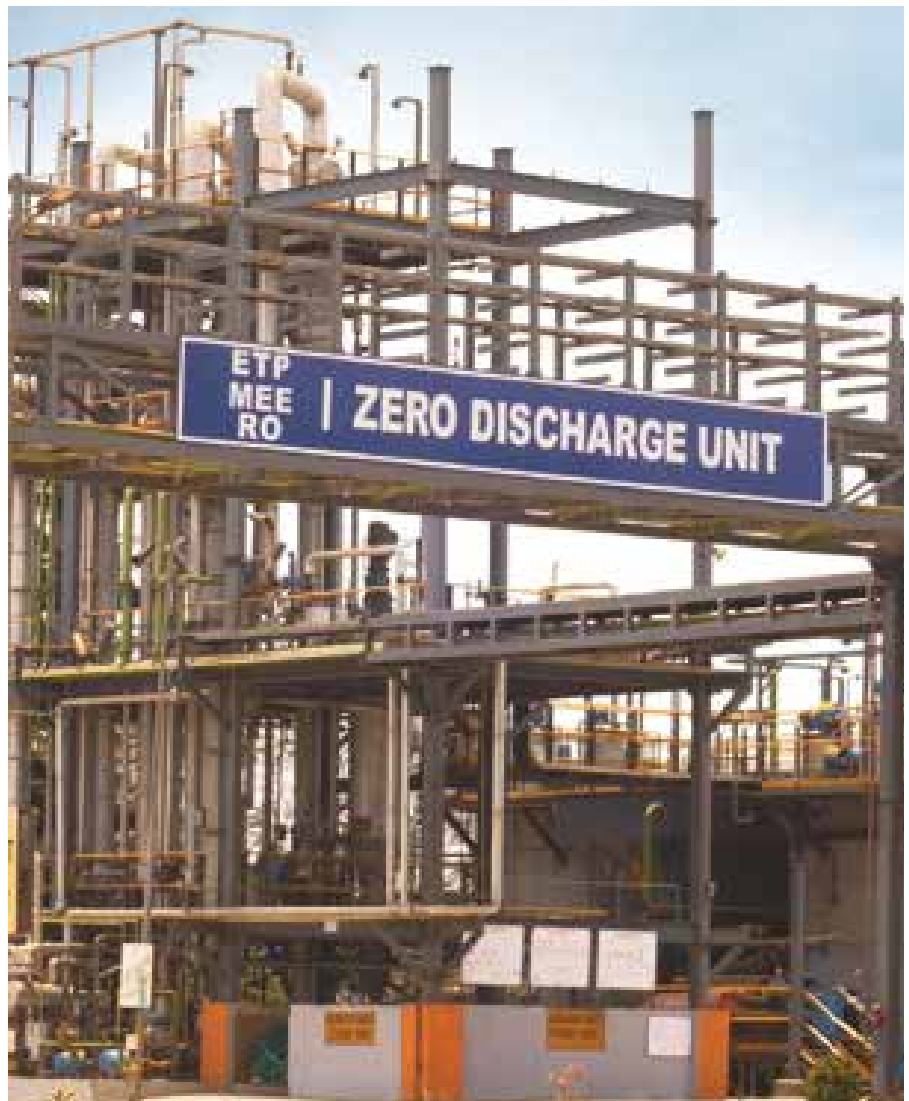
As one of the global leaders in chemicals, we are determined and committed to deliver growth that is both sustainable and responsible.

Our Commitment to Sustainability

Growth and sustainability are not mutually exclusive at Aarti. Sustainable and responsible growth is an integral part of our current growth plan and future expansion strategy. From procurement to plants to processing to supply, we are constantly working to optimise every resource we use and minimise the environmental impact

₹ 240 Crs

Investment in SH&E Initiatives
over the last 5 years



Globally, environmental concerns are attracting the attention of policymakers. We have invested over ₹ 240 Crs in SH&E (Safety, Health & Environment) initiatives over the last 5 years. This is likely to prove a critical factor and a key competitive advantage in the future as more manufacturers opt to procure materials from partners who have sustainable plants and process.

Not only are we leaders across processes and product categories, but also, we are aspiring to lead in sustainability and

environmental causes by setting an example in achieving responsible growth.

We have invested ₹ 110 Crs over the last 2 years in co-gen and renewable energy for captive power generation. We have an installed solar power generation capacity of 697 KW, which supports our manufacturing functions at Kutch, Jhagadia and Vapi facilities.

Our 7 plants are already zero-discharge units. Our Pharmaceutical API facility has been approved by the USFDA.

7

No. of plants which are already zero-discharge units; 2 more to be converted in current year

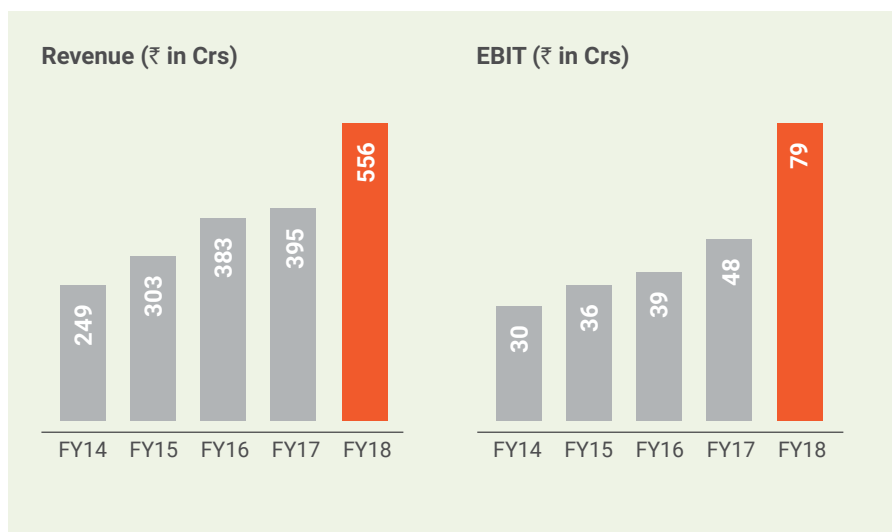
We believe in 'Growth with sustainability for a sustainable growth'



The Next Phase of Growth

Pharmaceuticals - Entering the High-Growth Phase

Our pharmaceutical business is at an inflection point. With major fixed costs having already factored in, any potential rise in the volumes will boost our segmental profits substantially.



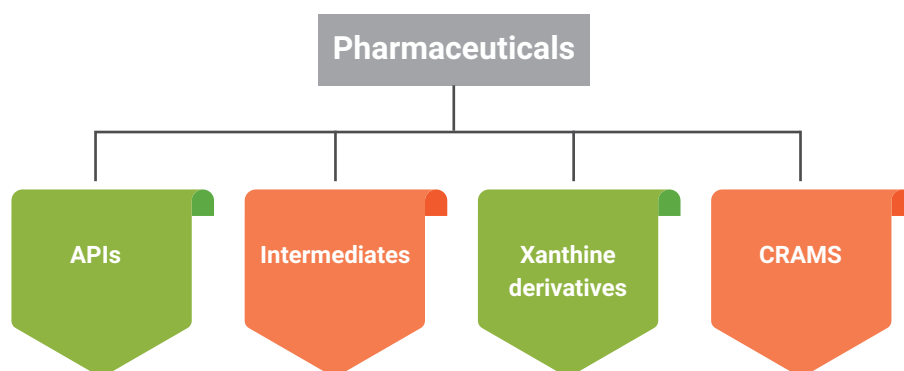
₹ 556 Crs

Total Revenue from pharmaceutical business in FY 2018

Segments

We are mainly focussed on the 4 critical segments of the pharmaceutical industry. Our R&D and execution capabilities, strict adherence to compliance and customer-centric approach makes us a preferred partner of choice for a number of pharmaceutical companies selling drugs in India as well as in the regulated export markets.





₹ 79 Crs

Total EBIT from pharmaceutical business in FY 2018

What we consume as the medicine is the final dosage (formulation) but its effectiveness depends on the quality of APIs (Active Pharmaceutical Ingredients). APIs are ingredients used in the final dosage which render pharmacological activity or other direct effects during the treatment. Intermediates are unfinished APIs.

We don't manufacture drugs ourselves, but provide APIs and intermediates for the final dosage. Our disposition to quality and compliance adherence, backward

integration and years' of experience in the chemical business makes us one of the trusted partners of pharmaceutical companies with global presence.

The Opportunity

China, India and Brazil are the preferred destinations of major pharmaceutical companies of the world for outsourcing of APIs.

The growing prevalence of lifestyle-related chronic diseases such as diabetes, cancer, cardiovascular diseases

and neurological diseases among others, is likely to drive the growth of the API industry. Moreover, the factors such as demand for instant-effect medicines, affordability of drugs and the incremental launches of generics on account of patent expiration are expected to drive the demand for APIs sourced from the cost-effective manufacturers that comply with various regulatory requirements.





According to the World Health Organisation (WHO), cancer is the cause for **1 in 6 deaths occurring worldwide**. Around **70% deaths** happen in low-and-middle income countries.



Nearly **8.5%** of the global adult population suffers from diabetes.



According to Global Market Insights, the global antidiabetics market is likely to grow to **US\$ 110 Bn** by 2024.

According to a report published by MarketsandMarkets, the global API market is expected to grow at 6.3% Compounded Annualised Rate between 2016 and 2021, from US\$ 157.95 Bn to US\$ 213.97 Bn.

Of late, there have been disruptions in the supplies from China on account of the Government's crackdown on polluting industrial units. Globally, innovators and generic pharmaceutical companies are exploring an alternative source to China for the consistent and assured supply of APIs and intermediates. Your Company is likely to benefit from this trend.

The Pharmaceuticals Export Promotion Council of India (Pharmexcil) and the national research institute have been pondering on lowering India's dependence on China for APIs and intermediates. In pharmaceutical exports, India ranks 3rd in the world by volumes and 10th by value.

With Chinese imports becoming costly and less dependent, formulation companies are likely to do more business with Indian API and intermediate manufacturers. As the industry gradually

shifts from Schedule-M to WHO-GMP compliance, Indian API and intermediate suppliers with stricter compliances will benefit.

Poised for Growth

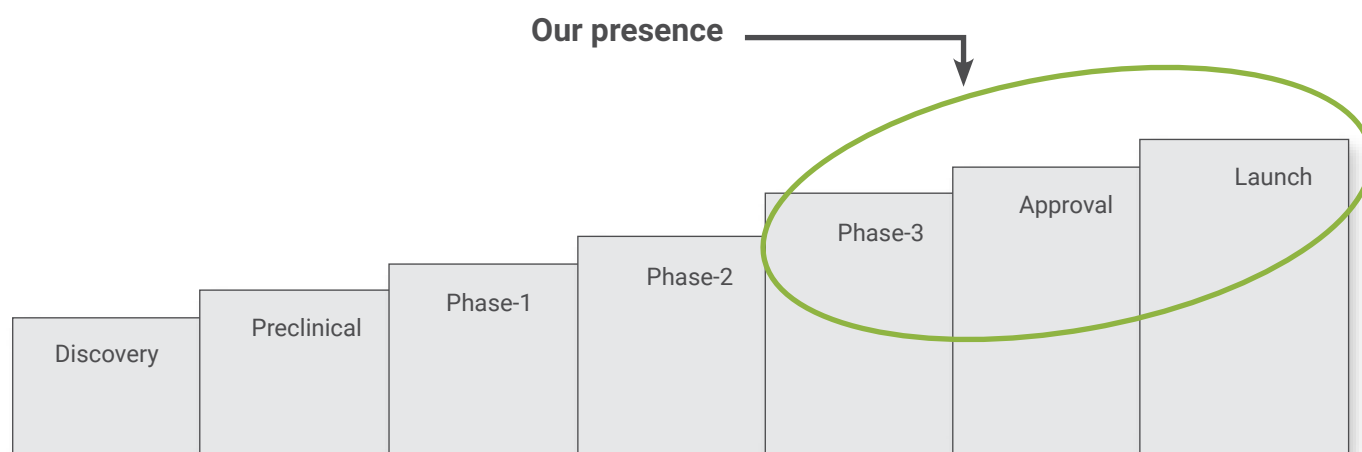
We manufacture 45 commercial APIs and also provide intermediates for these APIs.

We have 2 USFDA-approved facilities. Our (Current Good Manufacturing Practices) cGMP-compliant plants meeting ICH Q7 standards enable us to supply to customers doing business in

the regulated markets. Our API facilities enjoy the backward integration which enables us to maintain the leadership position.

Under Contract Research and Manufacturing Services (CRAMs) segment, our focus is on offering services such as customised process development, scale-ups and exclusive manufacturing services. These services are provided under strict Intellectual Property Protection guarded by confidentiality agreements with our clients.

Stages in clinical research



Our Xanthine derivatives business is also likely to do well with the demand for caffeine products going steadily up. Xanthine derivatives are the stimulants and find applications in Beverages, Nutraceuticals, and Pharmaceuticals. In medicine, they are mainly used as bronchodilators, especially for the asthma symptoms. We have two dedicated plants to manufacture Xanthine derivatives.

We are focussing on high-margin therapy areas such as oncology and diabetology for the expansion of our intermediate as well as API business. We are targeting 20-25 small molecules, which will help us capitalise on the patent cliff and the outsourcing trends over the next 6-7 years. We might also consider brownfield expansion of our pharma-dedicated facilities, if required.

45+

No. of commercial APIs manufactured



Together for Prosperity

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

- Late Dr. APJ Abdul Kalam

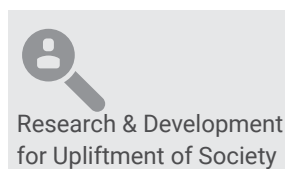
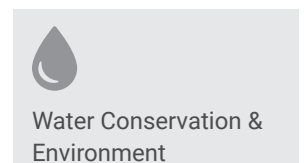
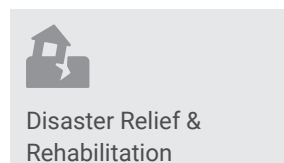
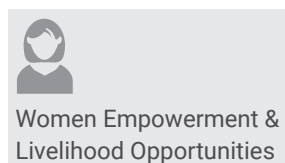
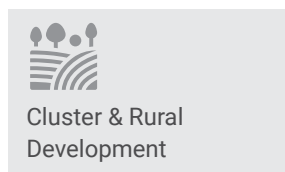
Inspired by the thoughts of the former President of India, the management of Aarti proactively engages with its stakeholders to contribute to the community in a responsible manner.

We are working across the country mainly through the Aarti Foundation Charitable Trust, to contribute effectively for the betterment of the underprivileged sections of society.

We passionately engage with community members to understand their needs and requirements. Accordingly, we disburse funds and interact with the NGOs to ensure that the needs of the community are met with. We support the initiatives based on the community's needs identified by the NGOs. Our CSR teams closely monitor the progress of various activities at different site locations

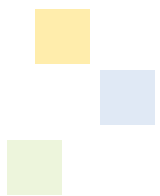
in close coordination with the NGOs to ensure the impact of these initiatives. Our senior management also interacts with the CSR teams through regular updates and site visits. Our prime objective is to give back to society in a way that brings positive changes and transforms the lives of the weaker sections in the best possible ways.

Our key interventions include:



~1,000

No. of toilet blocks Aarti assisted in construction of



Our CSR strategies touched the lives of more than 5 Lac people, last year, in times of natural disasters, flood, relief and rehabilitation, with special emphasis on Education, Afforestation drives, and Women Empowerment. To reach out to the community in an organised and meaningful manner, Aarti has been closely interacting with several NGOs, like YMC, National Blind Association, The National Association of Disabled Enterprises, VSSM, Yugantar, Samast Mahajan, Siddhivinayak Society, and Vasundhara Society.

Cluster and Rural Development

Aarti has been actively involved in rural development by supporting various projects which improve civic infrastructure, housing, sanitation, educational infrastructure, alternative employment and irrigation system.

Rural development is undertaken through adoption of villages in Gujarat, Madhya Pradesh and Maharashtra in partnership with local NGOs. A cluster in Kutch was developed to focus on Education, Sanitation, Rainwater Harvesting and Cattle feed depot. Another group has been developed in Beed district to help the local people during drought and for creating rainwater harvesting facilities. NGOs were impressed with the concept of cluster development.

A. Sanitation

Assistance for construction of nearly 1,000 toilet blocks to implement sanitation and hygiene has been provided in Gujarat at Mandvi/Mundra, Kutch, Vapi, Valsad, and Pimpalner, Marathwada in Maharashtra.

B. Women Hygiene Initiatives

Aarti joined hands with Saral Design for distribution of Sanitary Napkins to school girls in Kutch and Mumbai and to encourage hygiene.



Education and Skill Development

Educational system needs attention in rural India. We firmly believe that quality education and livelihood opportunities can transform lives and empower people in the best way. Towards this end, Aarti Group has directly and indirectly promoted/supported imparting education annually to over

24,000 students over the last few years. Your Company has also stepped in to provide training for personal and skills developments to help the youth with livelihood opportunities. New and ongoing initiatives undertaken are enumerated in these pages:



A. Tulsi Vidya Mandir

Tulsi Vidya Mandir (TVM) imparts education in the surrounding areas of Nana Bhadiya Village, Kutch for over a decade. It has educated 556 students from class 9 to class 12 in FY 2017-18. Besides academics, students have excelled in sports, military and other fields. Last year, TVM achieved a success rate of 80% for Class 10 and 92% for Class 12 exams. Sixteen of its alumni are serving in the Indian Army. The Kabaddi State Championship Cup was last year bagged by the Under 17 Girls team, adding yet another feather to all-round development. Four girl alumni have completed B. Ed and are teaching students at TVM. 14 girl alumni are trained as para teachers under Vidya Sarathi Project. Social programmes like cleanliness, awareness drives, science exhibition, annual sports meet, cultural day are also observed. Today, TVM is a role model in transforming education in rural India.



B. Vallabh Vidyalaya, Mundra

Now in its second year, 700-plus students have enrolled across various divisions in Vallabh Vidyalaya (VV), Mundra, Kutch. VV, as it is popularly referred to, imparts Hindi medium education, free of cost to children of labourers working in surrounding industrial towns. Vocational training is imparted even to the mothers of students in professions, such as cooking, teaching, thus empowering them to earn their own livelihood. Currently, 4 mothers are trained cooks and 6 mothers have become teachers.



C. Narmada Nav Nirman Abhiyaan

This association works actively for education and vocational training of tribals and poor children in the Sardar Sarovar catchment area.

Around 1,000 tribal kids in the age group of 6-12 years are studying in 9 residential primary schools, 7 of those schools are located in Maharashtra and 2 in Madhya Pradesh. Education, food, clothing and accommodation facilities are provided to children.

D. Shiracha School

This school acts as a branch of Vallabh Vidyalaya. This institution imparts education and accommodation facilities for children of labourers working in the nearby industrial belt. They are unable to travel to Mundra daily and thus find it difficult to educate their children. Teachers conduct classes in the areas close to laborers residential area. Over 70 children are benefited with education, meals, clothing and shelter.

ANM, Basic B.Sc. Nursing & Post B.Sc. Nursing to girls in tribal region of Sabarkantha, Aravali & Himatnagar. This college is associated with Srimant Fatehsinh Rav Gaikwad Hospital which provide these students with opportunities for practical study. Currently, 315 girls are benefiting from this school.

E. Jagriti School for Blind Girls, Pune

Financial assistance was extended to Jagriti School for Blind Girls, to establish skills development centre. This unit will conduct training programmes and activities for blind girls to make them self-reliant. 110 girl students benefited from this cause.

F. Yusuf Meherally Centre (YMS)

YMC runs schools for the children of fishermen and salt pan workers in close proximity of their work locations. These regions are sparsely populated. Hence, teachers have to travel from nearby regions to reach this location. We have around 428 children studying at 14 locations in various grades from 1 to 7. We also ensure that there are no dropouts amongst these children by providing hostel facilities to the children pursuing further studies.

G. Mahavir College of Nursing

Mahavir College of Nursing provides 4 nursing courses namely GNM,



We are actively engaged in supporting skills' training and development of youth in a variety of disciplines, as is evident in this chart:

Name of Institution	Place	Students benefited
Mahavir College of Nursing for Tribal Girls	Vatrak - Sabarkantha	315
Shree Tulshi Vidhya Mandir	Nana Bhadiya, Mandvi, Kutch	566
Shree Ram-Krushna Dev Vidhya Sankul	Ratanpar (Khadir) - Kutch	225
Yusuf Meherally Centre - Salt Pan Schools	Bhachau/Gandhidham/Mundra/Mandvi - Kutch	326
Yusuf Meherally Centre - Fisherman Schools	Bhadreshwar/Mundra - Kutch	102
Yusuf Meherally Centre - Hostel	Bhadreshwar - Kutch	65
Vallabh Vidyalaya - Hindi/English School	Mundra - Kutch	735
Vicharta Samuday Samarthan Munch (VSSM) - Hostels	Surendranagar/Radhanpur/Patan/Ahmedabad	494
Vicharta Samuday Samarthan Munch (VSSM) - Hostel	Vadia - Banaskantha	86
Jan Seva & Charitable Trust - Girls Hostel	Sagbara - Narmada	80
Vasundhara Social Welfare Society	Kesla, Hoshangabad - Madhya Pradesh	225
	Total	3,594

Child and Healthcare facilities

Aarti has aided multiple projects and programmes to provide adequate healthcare facilities in Gujarat, Bihar and Madhya Pradesh. These services extend from small dispensaries to speciality hospitals. We are setting up more centres in rural, remote and urban areas of India. Medicines are provided free of cost or at nominal charges till major surgery. Camps for health check-ups, blood donation and guidance are held.

Shrimant Fatehsinhrao Gaekwad Hospital, Vatrak

We are associated with Shrimant Fatehsinhrao Gaekwad Hospital, Vatrak since 2007. Prior to our association, it had only 70 beds, building infrastructure was depleted and the hospital management was facing financial crisis. Aarti through Aarti Foundation not only provided financial assistance to this

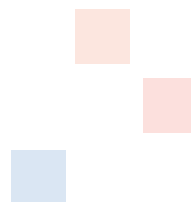
Hospital, but also helped in management aspects. Currently, the number of beds in the hospitals has increased to 312. Recently, a new ICU centre and an upgraded operation theatre were also opened. Treatment is given at a meagre cost of ₹ 80 per day which includes Food, Bed Charge and Consultation fees. A nursing school, started to impart nursing education to local Tribal Girls is amongst the top 3 nursing schools in the region.

Blood Donation Camps

Regular Blood Donation Camps are organised every year in the Aarti Group since 1998, to provide blood to needy patients through the local blood banks. Employees of your Company have donated more than 5,000 units of blood.

5,000

No. of units of blood donated by the employees





▲ An Independence day function at Shri Ram-Krushna Dev Vidya Sankul, Ratanpar, Kutch



▲ Construction of check dam in Pimpalner, Beed, Maharashtra



▲ Children from Yusuf Meherally Centre for Salt pan workers displaying their drawing skills



▲ Cattle Care Centre set up in drought-hit regions of Kutch, Gujarat



▲ Construction of Mirik Lake in Bhadiya, Kutch



▲ Widening and De-silting of the river in Pimpalner, Beed, Maharashtra

Women Empowerment & Livelihood Opportunities

Aarti along with its aided Foundations and NGOs has been working in this field with an objective of enhancing women's awareness and training leading to their financial independence. Your Company supports various programmes like Nursing School, Teachers training institute and livelihood generation through VSSM and other NGOs.

A. Vasundhara Social Welfare Society:

Aarti Foundation encourages Vasundhara Social Welfare Society (VSWS) for Education and Women Empowerment initiatives, especially for tribal women. Education, accommodation, career guidance, hostel and meals are provided to 34 tribal girl students in Madhya Pradesh. Class 12 students are given career guidance by Bharat Calling, a local NGO. The Foundation is trying to improve infrastructure and vocational training opportunities for students.

B. Karuna Society:

Our Foundation supports the Nahar Community in Madhya Pradesh at Prabhat Pattan village. Here an activity centre accommodates 100 children in 2 batches. Another new centre is functional at Pabal for 2 days a week. Loans are given to local women from Nahar community for self-empowerment. This year, we disbursed loans of ₹ 1,50,000/- to 30 women @ ₹ 5,000/- each. They will repay in 10 instalments. Self-help groups have also been formed for capacity building.

C. Stitching / Craft Classes:

Stitching and craft classes for local women have been organised in Pimpalner village in Beed district, Maharashtra. These courses enable women to make handicrafts and thus earn their livelihood. Nearly 128 women benefited from this programme.

D. Short Term Kaushal Vikas Kendra Classes

Short-Term programmes for learning were conducted in Bhadiya/ Bidada/Ratanpar, Kutch and in



Pimpalner – Maharashtra with the help of local NGOs for the benefit of 1,182 students.

E. The National Association of Disabled Enterprises:

The National Association of Disabled Enterprises, an NGO based out of Vikhroli was aided to train and employ the disabled for making utility items like umbrellas and paper bags, as a livelihood initiative.

Disaster Relief and Rehabilitation

Over the years, Aarti has significantly contributed towards various disaster management activities. In the past, we have helped rehabilitate people affected by drought in Vidarbha, tsunami in Asia, earthquake in Kutch, etc.

We try to engage with these people to ensure they get back their livelihoods. We work on the concept of 'Provision of Urban Amenities to Rural People' (PURA)

A. Yugantar:

Aarti Foundation did yeoman work for the flood victims in villages of Lacchaminia and Balua-bazar Panchayat in Supaul, Bihar. These villages were severely affected by flood on 12th August, 2017, by the Kosi River. Majority of the population were in stark poverty. They had lost all of their livelihood opportunities and were struggling to fulfil day-to-day needs. Aarti Foundation stepped in with relief kits comprising food, drinking water, dignity kits (for women), special food packages for children, medicines, hygiene kits, candle and matches. Relief kits were distributed to 265 families in this panchayat.

B. Caritas India:

Another helping hand in rehabilitation of flood and landslide affected victims was extended in Odisha, Assam, Tamil Nadu and Gujarat. We worked with an NGO Caritas in constructing relief homes and accommodation for the affected people. So far accommodation has been provided to nearly 10,000 families.



Water Conservation and Environment

As a step in sustainable development, and to protect the environment, several activities are initiated countrywide:

- tree plantation
- water harvesting
- reforming lakes
- cattle diet centres
- drainage and sanitation facilities
- land reformation for green belt
- drip irrigation
- animal husbandry, cattle breeding, dairy farm
- construction and maintenance of ponds, tubewells, river banks

Samast Mahajan

Last year, Aarti Foundation donated 5 JCBs for drought relief in Marathwada region. Donations were given to Jalayukt

Shivar Abhiyaan to address water security issues across the state. With the help of NGO Samast Mahajan and local people, measures were taken for water conservation and management: desilting of dams, spreading silt into nearby farmlands, widening and desilting of rivers. 7 check dams in Beed and Jalna districts were built to control and preserve water, a precious resource.

Beejotsav

'Beejotsav' promotes a toxin-free, sustainable lifestyle, directly connecting the consumers with producers, to reduce exploitation in the value chain. Aarti Foundation was one of the sponsors of this unique initiative which included sale of organic seeds, khadi items, sustainable home and décor items.

Maintenance of Green Spaces and Gardens

Aarti has been in the forefront in the development of green spaces in Vapi,

with dedicated jogging and walking tracks, benches for senior citizens, water fountain and related amenities. Over 80 trees have been planted in this garden which was created at an approximate spend of ₹ 50 Lacs. A greening cause indeed!

Afforestation Drive

Plantation drives have been undertaken in various areas of Gujarat and Maharashtra. A large number of trees have been planted in the factory premises and surrounding environment plus residential quarters. A green cover was provided to nearly 25 villages in Kutch.



▲ Tree plantation in Kutch, Gujarat



▲ An under-construction check dam in Marathwada, Maharashtra

Cattle Feed Centre

25 villages in Kutch, Gujarat were provided with centres for cattle feed and care through the joint efforts of Adiniath Pashu Seva Trust and Aarti.

In addition to above, your Company wholeheartedly supports other CSR initiatives in Gujarat:

1. Skill Development Centre for Underprivileged: For the welfare and well being of a large number of tribals in the Kaprada Taluka, Valsad District, Gujarat.
2. Development and maintenance of Garden: With jogging track and a Children's Park for the enjoyment of more than 3,000 families. Almost a thousand flowering shrubs are planted. Options for creating more green spaces are under exploration.
3. Developing and beautifying the New Project MUKTIDHAM: A venture of Vapi Industries Association, this estate is located on the banks of the river Damanganga, GIDC, Vapi in Valsad district. This garden is spread over approximately 7,000 square metres and will soon be transformed into a scenic spot for the local inhabitants.
4. As and when required, your Company provides timely rehabilitation support to people affected in various regions: J&K, Kutch, Bihar and Odisha to help them return to their normal life.
5. We impart education scholarship/ grants to bright students from the economically weaker sections in urban areas like Mumbai.



The sum total of Aarti's exemplary work: Making A Difference

Sr. No.	Field of Work	Existing Impact on People's Life	Upcoming Impact
01	Education	24,824	27,306
02	Health	2,39,440	4,78,880
03	Environment	63,000	81,900
04	Rural Development	1,45,800	1,74,960
05	Disaster Relief	1,20,000	Out of human control
06	Skill Development	6,176	18,528
	Total	5,99,240	7,81,574



Shri Chandrakant Gogri
Chairman Emeritus

Board of Directors



Shri Rajendra V. Gogri
Chairman and Managing Director



Shri Rashesh C. Gogri
Vice Chairman & MD



Shri Shantilal T. Shah
Vice Chairman



Shri Kirit R. Mehta
Whole Time Director



Shri Parimal H. Desai
Whole Time Director



Shri Manoj M. Chheda
Whole Time Director



Smt. Hetal Gogri Gala
Whole Time Director



Shri Renil R. Gogri
Whole Time Director



Shri Ramdas M. Gandhi
Independent Director



Shri Laxmichand K. Jain
Independent Director



Padmashri Prof. G. D. Yadav
Independent Director



Shri P.A. Sethi
Independent Director



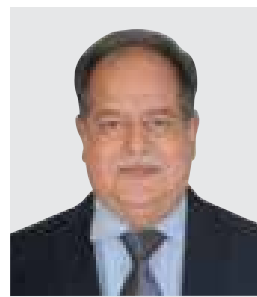
Shri K.V.S. Shyam Sunder
Independent Director



Shri Bhavesh R. Vora
Independent Director



Smt. Priti P. Savla
Independent Director



Shri Radheshyam S. Rohra
Independent Director

Ten-Year Consolidated Financial Highlights

(₹ in Crs)

Particulars	Financial Year Ended on									
	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Income from Operations	3,806	3,163	3,007	2,908	2,632	2,096	1,673	1,453	1,277	1,432
EBIDTA	707	655	578	471	412	365	253	202	206	248
Interest	132	117	117	138	118	95	72	56	52	89
Depreciation	146	123	99	82	89	83	55	50	47	40
Profit before Tax	429	416	363	255	206	187	126	96	107	119
Share of Profit from Associates	NIL	NIL	NIL	14	11	2	14	15	14	13
Profit after Tax	333	316	257	206	162	134	103	81	82	95
Dividend %	20	NA	170	110	90	80	70	50	50	60
Payout	10	1	69	52	42	37	28	19	19	22
Per Share Dividend (in ₹)	1.00	NA	8.50	5.50	4.50	4.00	3.50	2.50	2.50	3.00
Equity Share	****40.65	****41.06	***41.66	44.30	44.30	**44.30	*39.56	38.36	*38.36	36.85
Reserves & Surplus	1,538	1,321	1,096	972	826	712	551	467	416	337
Networth	1,655	1,426	1,189	1,016	871	756	590	509	454	374
Long-term & Short-term Borrowings	1,921	1,436	1,233	1,068	949	805	588	495	394	440
Gross Fixed Assets	3,101	2,655	2,081	1,685	1,477	1,237	855	780	727	663
Net Fixed Assets	1,998	1,697	1,246	967	826	674	443	412	407	392
Capital Work-in-progress	436	270	313	193	117	69	54	18	9	9
Investments	47	47	41	139	117	95	94	76	54	41
Net Working Capital	1,272	1,004	950	893	848	798	646	556	433	414
Book Value Per Share (₹)	203.62	173.69	142.75	114.73	98.29	85.36	74.59	66.34	59.21	50.79
EPS (Basic & Diluted) (₹)	****40.95	****38.45	***30.83	23.24	18.34	**15.17	*13.45	10.62	*10.73	11.81
EBIDTA/Income from Operations	18.6%	20.7%	19.2%	16.2%	15.7%	17.4%	15.1%	13.9%	16.1%	17.3%
Net Profit Margin %	8.7%	10.0%	8.5%	7.1%	6.2%	6.4%	6.2%	5.6%	6.5%	6.6%
Debt/Equity Ratio	1.26	1.10	1.09	1.18	1.20	1.12	1.06	0.97	0.87	1.18
RONW %	21.6	24.2	23.3	21.8	20.0	20.0	18.8	16.9	19.9	27.9

Figures from FY 2015-16 and onwards are in compliance with Ind AS

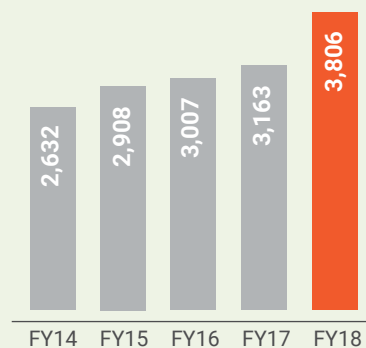
* Based on increased equity post conversion of Preferential warrants.

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

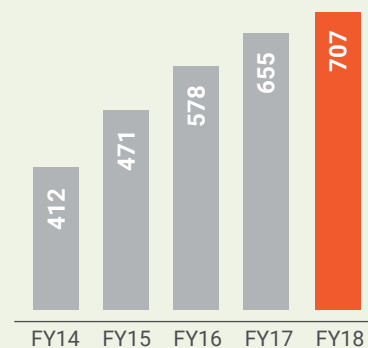
*** Based on reduction in equity Pursuant to Scheme of Amalgamation between Aarti Industries Limited and Gogri and Sons Investments Pvt. Ltd., Alchemie Leasing and Financing Pvt. Ltd., Anushakti Holdings Ltd. and Anushakti Chemicals and Drugs Limited

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

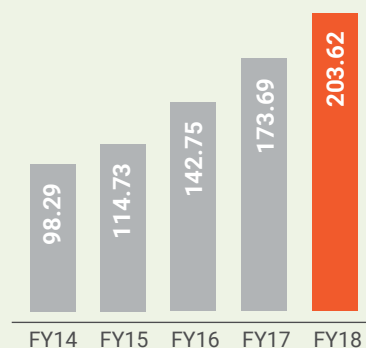
Income from Operations (₹ in Crs)



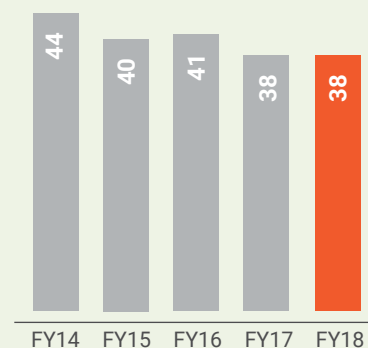
Operating Profit (₹ in Crs)



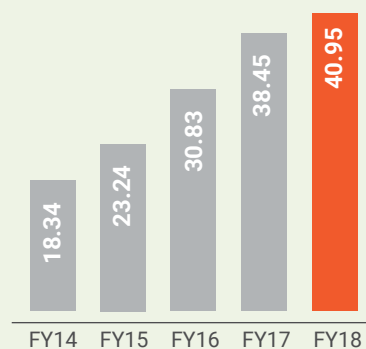
Book Value Per Share (₹)



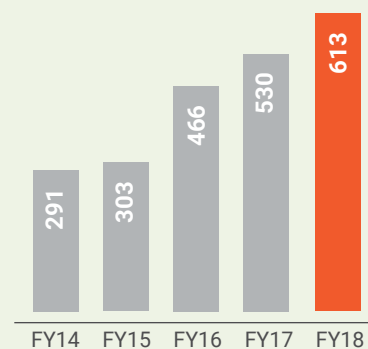
Working Capital Intensity (%)



EPS (Basic & Diluted) (₹)



CAPEX Spending (₹ in Crs)



Cultural Activities



▲ A glimpse of Aarti Cricket Premier League – ACPL; an Intra-Company cricket competition held by Aarti Industries Limited



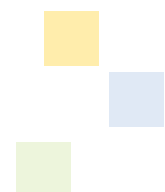
▲ Board of Directors of Aarti Industries Limited



▲ Ground-breaking ceremony marked the beginning of construction of the new manufacturing unit in Dahej



▲ International Women's Day Celebration 2018



Corporate Information

Chairman Emeritus

Shri Chandrakant V. Gogri

Chairman & Managing Director

Shri Rajendra V. Gogri

Vice Chairman & Managing Director

Shri Rashesh C. Gogri

Vice Chairman

Shri Shantilal T. Shah

Independent Directors

Shri Ramdas M. Gandhi

Shri Laxmichand K. Jain

Shri K.V.S. Shyam Sunder

Shri P. A. Sethi

Shri Bhavesh R. Vora

Padmashri Prof. Ganapati D. Yadav

Smt. Priti P. Savla

Shri Radheshyam S. Rohra

Whole-time Directors

Shri Parimal H. Desai

Shri Manoj M. Chheda

Smt. Hetal Gogri Gala

Shri Kirit R. Mehta

Shri Renil R. Gogri

Chief Financial Officer

Shri Chetan Gandhi

Company Secretary

Shri Raj Sarraf

Auditors

M/s. Kirtane & Pandit,
Chartered Accountants

Registrar & Transfer Agent

M/s. Link Intime India Private Limited
C 101, 247 Park,
L. B. S. Marg, Vikhroli (West),
Mumbai, Maharashtra – 400 083.
Tel No: +91 22 49186000
Fax: +91 22 49186060

Banks / Financial Institutions

Aditya Birla Finance Ltd.
Axis Bank Ltd.
Bank of Baroda
Citi Bank N.A.
DBS Bank Ltd.
FirstRand Bank
HDFC Bank Ltd.
HSBC Ltd.
Kotak Mahindra Bank Ltd.
IDBI Bank Ltd.
IndusInd Bank Ltd.
Societe Generale
Standard Chartered Bank
State Bank of India
SVC Bank Ltd.

Registered Office

Plot Nos. 801, 801/23, G.I.D.C. Estate,
Phase - III, Vapi, Dist. Valsad,
Gujarat - 396 195.

Corporate Office

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

Corporate Identity Number

L24110GJ1984PLC007301

Management Discussion and Analysis

Global Economy

The year 2017 witnessed 3.7% global economic growth, which was the fastest since 2011. The growth was broad-based with two-thirds of the countries witnessing faster growth as compared to the previous year. These countries together accounted for about three-fourths of the total global output. Advanced economies experienced recovery in investment demand which aided global growth. In emerging nations, Asia witnessed strong growth. Large exporter economies such as Germany, Japan, the United Kingdom (UK), the United States (US), and emerging Asia contributed to the recovery in exports. The recovery in imports was broad-based, except in the UK.

Global growth (in %)

Particulars	2016	2017	2018P	2019P
World output	3.2	3.7	3.9	3.9
Advanced economies	1.7	2.4	2.4	2.2
US	1.5	2.3	2.9	2.7
Euro Area	1.8	2.4	2.2	1.9
Japan	1	1.7	1	0.9
UK	1.8	1.7	1.4	1.5
Other advanced economies*	2.3	2.7	2.8	2.7
Emerging Markets and Developing Economies	4.4	4.7	4.9	5.1
China	6.7	6.9	6.6	6.4
India	7.1	6.7	7.3	7.5

*Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries

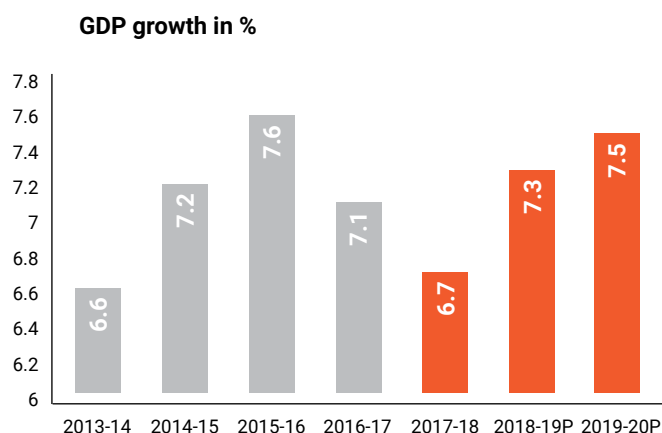
P= Projections

Source: IMF

Indian Economy

The year under review started on a slow note impacted by GST implementation, after-effects of demonetisation and implementation of Insolvency and Bankruptcy Code (IBC). However, the second half of FY 2017-18, witnessed a strong rebound in economic activity on the back of a turnaround in investment demand, acceleration in manufacturing, pick-up in capacity utilisation, strong activity in the services sector and a record agricultural harvest. The growth pick-up in second half diluted the impact of slow growth in the first half. India's GDP at constant prices is expected to grow by more than 7% in FY 2018-19 & FY 2019-20 as per provisional estimates issued by the Central Statistics Organisation (CSO).

India's GDP performance



P= Projections

Source: CSO, IMF

India has persevered with structural reforms over a wide area ranging from a flexible inflation targeting framework for monetary policy; liberalisation of FDI flows; a unique identification backed Direct Benefit Transfers; an Insolvency and Bankruptcy Code; the GST; realty reforms; and a swathe of measures for improvement in the Ease of Doing Business more generally. These factors have improved India's global ranking in the World Bank's Ease of Doing Business.

In the last four years, India gained a 20-place boost in the World Economic Forum's (WEFR) Global Competitiveness rankings. According to IMF, the Indian economy is expected to grow at an annual rate of 7.3% in FY 2018-19 and 7.5% in FY 2019-20. The growth is expected to gradually rise with continued implementation of structural reforms that raise productivity and incentivise private investment.

Industry Overview

Speciality Chemicals are known for end-use performance enhancing applications rather than their composition. They are recognised for "what they do" rather than "what they are" as in the case of basic chemicals. They provide solutions to customer applications, are knowledge-based and are known to deliver more financial returns as compared to basic chemicals. They are a blend of base chemicals and sold on the basis of their quality or utility, rather than product composition or brand. They are relatively high value, but low volume chemicals as compared with basic chemicals or commodity chemicals.

Since speciality chemicals are mainly used to add value to the finished product, they are primarily sold on a B2B (Business to Business) basis. Speciality chemicals can be further divided into various sub-segments on the basis of end-use applications. The major sub-segments are 1) Agro-chemicals, 2) Colourants, 3) Construction chemicals, 4) Flavours & Fragrances, 5) Paints & Coatings, 6) Personal care, 7) Polymer & additives, 8) Surfactants, 9) Textile chemicals, and 10) Water treatment chemicals.

Speciality Chemicals classification



Source: JM Financial Institutional Securities Limited

While each sub segments have its own rationale for demand and growth, a higher growth is expected in the fields of Agrochemicals, Water treatment chemicals, Polymer additives and Construction chemicals.

Global Speciality Chemicals market

Over the past few decades, various countries has led the speciality chemicals business at different time periods. US led the industry after World War II until the late 1980s, manufacturing chemicals for use in oil field services, electronics, plastics, etc. Gradually, Europe took over and dominated the business mainly through exports, while the US and Japan remained key producers. However, with trade liberalisation, technology transfer, reduction in economic barriers and rapid economic growth in developing countries, the speciality chemicals industry expanded rapidly in Asia, with China contributing a major part of this expansion. The high growth seen in China's speciality chemicals industry may be attributed to low labour

costs, low energy and regulatory costs (compared to developed markets) and a highly-developed basic chemicals segment. Although, China has witnessed strong growth in the speciality chemicals segment, significant regulatory issues by way of higher pollution, labour reforms, etc. has increased the costs in China. India, on the other hand, would be able to emerge as a fast-growing speciality chemicals hub on account of its low capital and operating cost competencies, availability of feed stock and skilled manpower, better manufacturing standards and compliance of regulatory frameworks, stronger IP protection, etc.

As per Grand View Research, the global speciality chemicals market was estimated at US\$ 1.16 Tn in 2016 and is expected to grow at a CAGR of 5.6% over 2017 to 2025, to reach US\$ 1.79 Tn by 2025. Globally, speciality chemicals are driven by extensive product research and innovation, which is a significant differentiator over the commoditised chemical industry. Low cost labour and vast raw material resources are contributing to the increased growth in the Asia-Pacific region, as foreign players are investing in emerging nations.

(Source: Grand View Research, Global Market for Speciality Chemicals, Ahmedabad Management Association)

Gradual shift in preference as a major chemical supplier from China to India

The Speciality Chemicals manufacturers in China are facing raw material shortage, rising energy costs, higher labour costs and incremental effluent treatment and compliance charges. China's weaker cost competitiveness in international trade and product disruption due to wheeling of large manufacturing plants are contributing to slowdown in the Chinese chemicals industry and its exports. India, a known alternative hub for chemicals could bag a multi-year exports opportunity. China's prolonged self-imposed slowdown offers a much longer window of at least a few years for Indian chemicals peers to establish themselves in the international market by building global clients and ultimately tapping the export opportunity.

Source: Indian Speciality Chemicals – A multi-year multiplying Opportunity, Phillip Capital

Indian Speciality Chemicals market

India is the 6th largest producer and the 6th largest consumer of chemicals worldwide. The Speciality Chemicals industry in India represents a US\$ 25 Bn market, growing at 14% over the last five years led by domestic consumption, growing faster than the chemical sector as a whole. The industry serves both the local market and the global market. The key speciality segments in India are agrochemicals, paints, coating and construction chemicals, colourants, fine chemicals, personal care chemicals

and aroma chemicals. The critical success factors for most of the speciality chemical segments include understanding of customer needs and product/application development to meet the same at a favourable price-performance ratio. Global firms are gradually facing the heat of compliance, cost and capacity issues in other markets, especially China, and are thus looking to outsource their manufacturing processes to India. The structural shift towards Indian speciality chemical players is ably supported by the Government in the form of a robust patent framework, the presence of appropriate regulations to protect intellectual capital, improvement in infrastructure and thrusts to promote investments in R&D, as well as green technologies and a rich pool of knowledge workers.

Opportunity and outlook

India has remained in China's shadow for a long time in the global chemical speciality market. However, gradually it is emerging out of with its own structural benefits and the spillover effect of China's declining competitiveness. The factors driving the growth of the speciality chemicals market include large base of end-use industries, high demand from Asia-Pacific, increasing demand from automotive industry, and technological advancements. Over and above, faster end-use industry growth, low penetration of speciality chemicals in India will support growth. Exponential growth expectations led by favourable macro-economic factors in pharmaceutical, personal and home care products also presents a humungous growth opportunity for associated speciality chemicals manufacturers. According to TSMG-FICCI, speciality chemicals industry could grow 13%, leading to a market size of US\$ 52 Bn by 2020.

Company Overview

Aarti Industries Limited (hereafter referred to as your Company) which commenced operations in 1984 is promoted by first generation technocrats. Over the years, your Company has

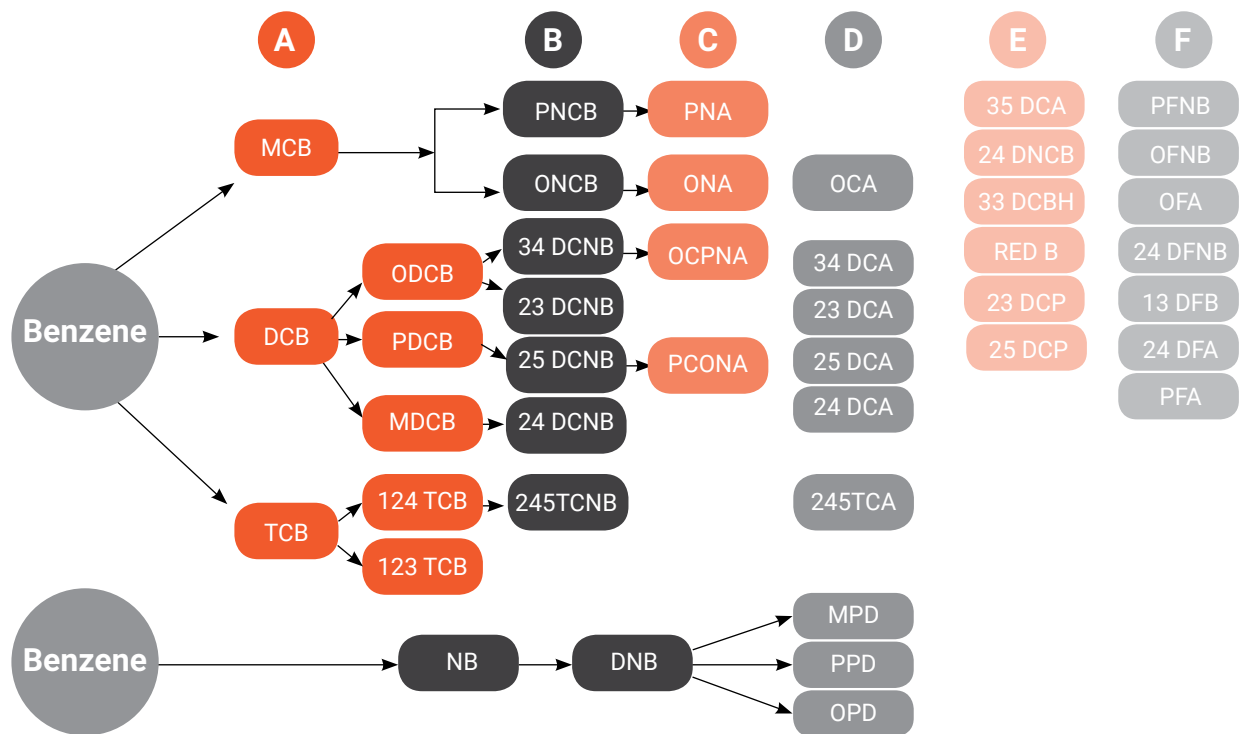
emerged as a leading Indian manufacturer of Speciality Chemicals and Pharmaceuticals with a global footprint. It operates primarily in three segments, namely, speciality chemicals, pharmaceuticals and home and personal care. Speciality Chemicals is the major revenue-generating segment of your Company contributing approximately 78% of sales. The other segments i.e. pharmaceuticals and home & personal care, contribute approximately 15% and approximately 7% of sales respectively. Your Company has established itself as one of the most competitive benzene-based speciality chemical companies in the world. Your Company has integrated itself across the benzene chain and manufactures a variety of products from benzene. Your Company globally ranks between 1st and 4th position for 75% of its speciality chemical portfolio and is considered as "Partner of Choice" for various major global and domestic customers.

Your Company has a wide portfolio of over 200 products serving more than 700 domestic customers. Your Company is a strong exporter having relationships with over 300 export customers spread across the globe in 60 countries with major presence in US, Europe, China and Japan. Your Company serves leading consumers across the globe of Speciality Chemicals and Intermediate for Agro Chemicals, Aromatics, Dyes, Fuel Additives, Pharmaceuticals, Pigments, Polymer Additives, Printing Inks, Surfactants and various other speciality chemicals.

Business model and value-chain

A larger part of your Company's speciality chemicals segment comprises benzene derivatives. It is the largest producer of benzene derivatives in India and one of the leading manufacturers globally. Your Company's global market share in various products ranges between 25-40%.

Our Benzene-based Value Chain



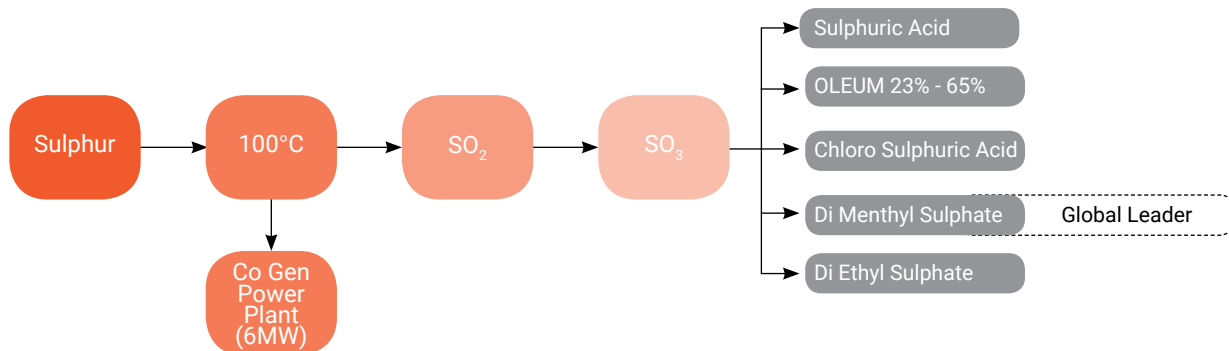
- A** Chlorination (Ranked amongst top 3 globally)
- B** Nitration (Ranked amongst top 4 globally)
- C** Ammonolysis (Ranked amongst top 2 globally)
- D** Hydrogenation (Ranked amongst top 2 globally)
- E** Others
- F** Halax Chemistry (Only Player in India)

Benzene derivatives find a diversified end-user base with varied applications. Agrochemical is the largest industry for your Company having about 25-30% share of speciality chemical sales. Polymers, Pigments and Dyes constitute about 15-20% each. Incidentally, India is among the top four producers of agrochemicals (after China, US, and Japan) and second-largest producer of dyes and pigments in the world. Your Company has leveraged locational cost advantage and has emerged as the only integrated global scale manufacturer of benzene derivatives.

Your Company has expanded its chemistry skills for a variety of other processes so as to balance the demand for co products and move up the value chain for better margin downstream products. These include chlorination, where your Company is the third-largest player globally; nitration where it is fourth in the world; ammonolysis where it is second globally; hydrogenation where it is second largest in the world and fluoro compounding where it is the only player in India.

Your Company manufactures a host of other chemicals including Sulphuric Acid & derivatives, Single Super Phosphate (Fertiliser), Export Grade Calcium Chloride Granules (for Oil Exploration & De-icing), Fuel Additives and Phthalates.

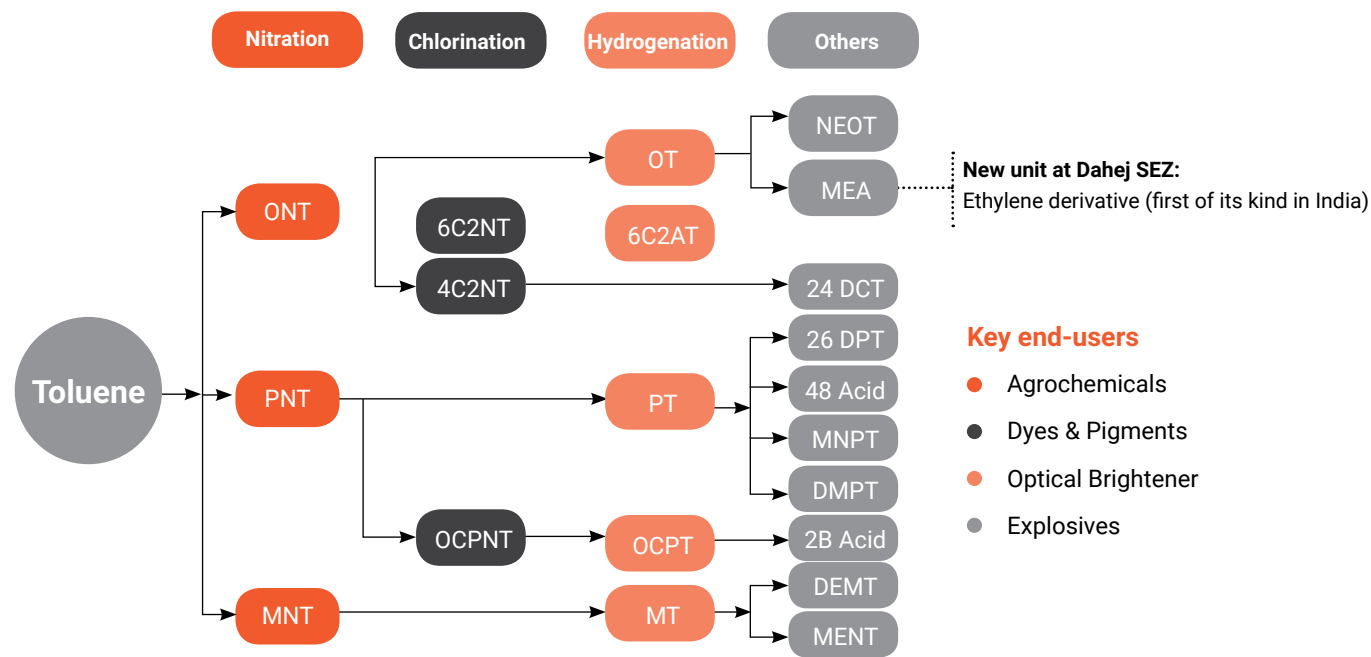
Sulphuric Acid and Derivatives



- Single Super Phosphate (Fertiliser)
- Export Grade Calcium Chloride Granules (for Oil Exploration & De-icing)
- Fuel Additives
- Phthalates

In addition to the growth in Benzene-based derivatives, your Company has further diversified into toluene chain of products. It set up its greenfield ethylation unit, marking an entry into ethylene-based chemistry in FY 2016-17, entailing an investment of around ₹ 110 Crs. Subsequently, it also commissioned its backward integration into Nitro Toluenes, to not only feed into its captive Ethylation product chain, but also be sold in the markets as a major import substitution.

Toluene-based Value Chain



The ethylation unit was set up by adopting Swiss technology at the Dahej SEZ, thereby making it the first ever Company to procure ethylene by a pipeline and operate a greener ethylation process.

Since the major customer profile as well as the end-user industries are the same, your Company is further poised to leverage its well-established clientele to promote its toluene derivatives. Your Company further plans to introduce gradually a range of Toluene and Ethylene-based chemicals catering to end-user applications of agrochemicals, engineering polymers, pigments, and additives.

Your Company is also in the process of identifying and developing technologies in niche chemistries like condensation, fluorination via HF, alkylation, cyclisation etc.

Company's Strengths

- ▶ **Established long-standing relationships:** Your Company has a diversified product portfolio with over 200 products serving close to 1,000 global & domestic customers. Your Company's multi product, multi geography and multi industry approach reduces risk in revenue due to diversification. This coupled with better manufacturing practices, high quality standard norms, timely delivery and compliance to regulations, has led to the transformation of your Company from a Speciality Chemical supplier to the "Partner of Choice" for a majority of big domestic and global customers.
- ▶ **Integrated Operations on a Global Scale:** Your Company operates on an extensively integrated model. Your Company ensures efficient utilisation of by-products, by using them as intermediaries of other chemical reactions or converting them into commercially saleable products. Your Company is the only global entity backward and forward-integrated, in its range of chemicals and also across various value chains. This enables it to provide one-stop strategic supplies to a large number of leading global downstream customers.
- ▶ **Wide array of Growth Opportunities:** Your Company has wide array of growth opportunities due to its presence across various end-use applications and a larger customer base. Your Company currently exports nearly 45% of its products at various locations including North America, Europe, China and Japan. Further to that, various companies are looking forward towards India as an manufacturing hub. In the given circumstances, your Company becomes an natural partner of choice due its well diversified and robust business model.
- ▶ **De-risked Portfolio:** Your Company has a diversified portfolio of products serving a variety of end-user industries like Agrochemicals, Cattle Feed, FMCG, Dyes, Flavours & Fragrances, Food Ingredients, Oil & Gas, Optical Brighteners, Pharmaceuticals, Pigments, Polymers and Additives, Printing Inks, Rubber Chemicals

etc. Your Company's diversified approach, both in terms of the product as well as geography, enables it to serve a large number of customers and reduces dependency on any single geography or customer. This approach has resulted in diversification in revenue stream with not even a single product or customer accounting for more than 8% of revenues.

- ▶ **R&D Innovation Programme:** Your Company is a knowledge-driven Company with a benchmark R&D programme. It operates three state-of-the-art R&D centres, one for Speciality Chemicals and the other for Pharmaceutical APIs. Your Company capitalises on superior technological capabilities through know-how transfer resulting in several differentiated processes/chemistries. Your Company constantly strives to develop niche value-added products and processes. This enables it to provide superior quality products to its customers and obtain better yield from its processes earning better returns. Your Company's innovation programme has enabled it to move towards downstream products and co-product/isomer balancing- expanding operations towards higher value chemical processes. The enriching product mix coupled with economies of scale has further added to the earning efficiency of the various value chains. To further enhance its R&D capabilities, your Company is in the process of setting up a new R&D and Scale-up centre in Navi Mumbai, which is expected to be operational in 2019. This R&D centre will have dedicated lab for Process Safety, Effluent Treatment, Flow chemistry, Kilo Lab, High-pressure reactors etc. This R&D centre, at full strength will host around 250 scientists and engineers. The centre is aimed at developing high-end value-added products and chemistries to enable create niche market opportunities.

Key financial and operational performance

Financial performance

Key Financials	₹ in Crs)		
	FY18	FY17	FY16
Sales	2,985	2,569	2,430
% of Total Sales	78.4%	81.2%	80.8%
Export	1,409	1,294	1,223
% of Segment Sales	47.2%	50.4%	50.3%
Segment EBIT	581	566	504
EBIT%	19.5%	22.0%	20.7%

Revenues in Speciality Chemicals segment were up 16% YoY to ₹ 2,985 Crs in FY 2017-18. Volumes in the segment grew by 9%. There was higher revenue contribution from the direct linkage and pass-through of raw material price to the customers. Your Company clocked production of about 68,800 MT of Nitro Chloro Benzene (NCB) as against 63,700 MT in the previous year. Your Company thus achieved about

92% capacity utilisation and is looking at the next level of capacity expansion for these products.

Your Company's capex plan is on track with an investment of about ₹ 613 Crs in FY 2017-18 including an investment of ₹ 55 Crs for acquisition of land for expansion projects and proposed new R&D centre. Further, in respect of the Nitro toluene facility commissioned at Jhagadia during Q2 FY 2017-18, had achieved a capacity utilisation of over 40% during Q4 FY 2017-18.

Your Company during FY 2017-18 had entered into two long-term multi-year supply contracts. First one, being a 10-year contract with a global agricultural Company to supply a high value agrochemical intermediary for use in herbicides. The supplies are expected to commence from 2nd half of FY 2019-20 and would generate expected revenues of approximately ₹ 4,000 Crs over the contract term. The project will entail investment of about ₹ 400 Crs by your Company.

The second one being the case where your Company had entered into a 20-year contract with a global chemical conglomerate to supply a high value speciality chemical intermediate. The supplies are expected to commence from calendar year 2020 and would generate expected revenues of approximately ₹ 10,000 Crs over the contract term. With this deal, your Company is set to enter a new chemistry range, first-of-its-kind in India. Your Company will be investing US\$ 35-40 Mn to setup a dedicated large-scale manufacturing facility for production of this intermediate and will be built on basic technology package received from the customer. As a part of the contract terms, the customer shall provide US\$ 42 Mn as an advance to your Company which shall be then adjusted against the supplies in future. This shall help your Company reduce the net capital employed, enabling significant higher ROCE returns for the project.

Both these units are being set up in Dahej SEZ at Gujarat. Your Company has already acquired the land for the said purposes and is expected to start the constructions works soon. Your Company expects to be able to commission the said units within the expected timelines. Since these upcoming facilities will be a 100% export-oriented, your Company would also benefit from the tax benefits as applicable to the SEZ units.

Pharmaceuticals

Indian pharmaceutical sector is estimated to account for 3.1-3.6% of the global pharmaceutical industry in value terms and 10% in volume terms. It is expected to grow to US\$ 100 Bn by 2025. The market is expected to grow to US\$ 55 Bn by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size. Branded generics dominate the pharmaceuticals market, constituting to nearly 80% of the market share (in terms of revenues). India's pharmaceutical

exports stood at US\$ 16.8 Bn in FY 2016-17 and are expected to grow by 30% over the next three years to reach US\$ 20 Bn by FY 2019-20, according to the Pharmaceuticals Export Promotion Council of India. Domestic pharmaceutical companies received more than 300 approvals in 2017 to launch generic drugs in the US, which is an all-time high. The clearances came despite regulatory pressure from the US Food and Drug Administration (USFDA), and unprecedented warning letters issued to the pharmaceutical companies' facilities. The final approvals for Indian players are up by nearly 43% from 211 in 2016, and constituted to about 40% of all global filings in the highly lucrative US\$ 70 Bn US market.

Your Company is well placed to supply older/already off-patented generics in regulated markets, directly and indirectly, where few/restricted suppliers operate. With cGMP compliant plants meeting ICH Q7 standards enabling buyers to use API in all regulated markets and 48 commercial APIs with 33 EDMF, 28 USDMF and 16 CEP the segment is expected to post robust gains. Your Company has 12 new APIs under development. Your Company witnessed 60% exports coming from US and EU with 4 commercial products in US and several other awaiting partners' approval. Your Company owns backward integrated facilities for most APIs and enjoys distinct advantage of having dedicated US, Japan and EU approval for steroids and anti-cancer products. To further cement its unique standing your Company has initiated contract research and manufacturing services (CRAMS). CRAMS emphasises on tailored process development, scale-up and exclusive manufacturing for clients. Your Company also has an R&D Centre with focussed and dynamic team of scientists.

48 commercial APIs with

33
EDMF

28
USDMF

16
CEP

Financial performance

Key Financials	(₹ in Crs)		
	FY18	FY17	FY16
Sales	556	426	426
% of Total Sales	14.6%	13.5%	14.2%
Export	248	208	193
% of Segment Sales	44.6%	48.8%	45.3%
Segment EBIT	79	48	39
EBIT%	14.2%	11.3%	9.2%

The performance of Pharmaceutical segment has been gaining momentum, in line with our expectations, with revenue increasing by 31% in FY 2017-18 as compared to the previous

year and EBIT increasing by over 65%. This has been enabled by improved business across various markets (specially the regulated markets) and also from significant operating leverage. The segment is expected to continue onto its growth momentum going ahead as well.

Home & Personal Care

Home & Personal care segment saw a robust improvement in topline. However, raw material supply constraints due to hurricane in the US in Q4FY 2017-18 impacted profitability.

Financial performance

(₹ in Crs)			
Key Financials	FY18	FY17	FY16
Sales	264	168	150
% of Total Sales	6.9%	5.3%	5.0%
Export	34	21	15
% of Segment Sales	12.9%	12.5%	10.0%
Segment EBIT	3	1	(0.20)
EBIT%	1.1%	0.6%	-0.1%

The segment performance improved significantly on account of higher volumes and better product mix. While your Company continues to explore the demerger process, it continues to make concerted efforts to gain larger scale and drive sustained improvement in the business.

CAPEX Programmes/Investments

Your Company continues to invest in building manufacturing capabilities with thrust on Safety Health and Environment and plans to invest about ₹ 700-800 Crs for FY 2018-19. These

investments by executing a multi-pronged expansion plan across multiple processes / products in a calibrated manner shall help elevate your Company to a next level of growth. The plan includes Speciality Chemical Complex at Jhagadia, Acid Reconcentration Plants, API and Pharma Intermediate de-bottlenecking and expansions at Vapi & Tarapur, R&D and innovation facility, capex for the ₹ 4,000 Crs multi-year deal and other speciality chemical based project initiatives.

Further, the Board of Directors of your Company had approved a Scheme of Arrangement for Demerger of Home & Personal Care segment of your Company into a separate listed entity, subject to various approvals. The segment has a low capital employed and contributes about 7% of the revenues of your Company, while its share on EBIT is less than 1%. This demerger shall help being more focussed on this business to improve the performance. It is also proposed to absorb the manufacturing division of Nascent Chemicals Industries Ltd into Aarti Industries Ltd. Nascent Chemicals Industries Ltd (Nascent) is an entity Incorporated in the year 1966 and having the business of manufacturing operations in Gujarat as well as Trading of Chemicals. Aarti Industries Limited (through its 100% subsidiary Aarti Corporate Services Ltd) holds 50.49% stake in Nascent. The manufacturing division of Nascent manufactures few speciality chemicals on behalf of Aarti Industries Limited under the conducting arrangement. These products are part of the integrated value chain of Speciality Chemicals of Aarti Industries Limited. For FY 2017-18, Nascent had reported the Gross revenue of ₹ 12.4 Crs for the manufacturing division and ₹ 9.6 Crs for the Trading division. The combined PAT for Nascent for FY 2017-18 was ₹ 5.7 Crs.

Risk and Mitigation

Risk	Mitigation measures
Regulatory risks Your Company operates in a number of global markets and is exposed to the risk of changing regulations	Your Company has remained cognizant of the importance of adopting Safety, Health and Environment (SH&E) norms. Your Company follows highest SH&E standards with an investment of more than ₹ 240 Crs in the last 5 years. Your Company also judiciously follows reduce-reuse-recover principle across all sites. To be in a favourable place with European nations, your Company has been REACH compliant since 2012.
Innovation risks Innovation is the key to success in the speciality chemicals market to ensure sustainable growth. Risk of redundancy and losing out to competition on account of poor R&D is a major overhang	Your Company is known to be a knowledge-driven Company with three R&D centres – one for speciality chemicals and two for pharmaceutical APIs. Since innovation is at the heart of Speciality Chemicals, your Company has been focussed on strengthening its technical skill-set around niche applications. Your Company has always been focussed on product innovation and has bagged many awards for innovation in the field of chemical engineering. Your Company's benchmark R&D programme comprises over 150 scientists. Its innovation programme stems from transfer of knowledge from strategic customer relationships. Strong R&D push, helps innovate specialised products with unique features and generate high margins. We are coming up with a new R&D centre and Scale-up unit at Navi Mumbai which will house around 250 scientists and will facilitate the further enhancement of product portfolio.

Risk	Mitigation measures
Forex risks Being exposed to a significant number of geographies, your Company deals in a number of currencies and runs the risk of unfavourable movement in any currency leading to financial losses	Around 45% of your Company's revenue is contributed through exports. Majority of global sales are US\$ dominated reducing the risk of cross currency volatility. Your Company keeps a close watch on rupee movement and enters hedging contracts of maturities ranging from 3 months to 3 years to protect committed business.
Raw material risks Your Company runs the risk of issue in availability of raw materials and fluctuation in raw material prices	Your Company has fostered long-standing relationships with its suppliers to ensure steady availability of raw materials at competitive prices. Your Company follows a RM-plus pricing mechanism for its various speciality chemicals. This reduces risks on margin pressure / topline pressures in scenario of rising input costs.

Internal Controls, Systems and Adequacy

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

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

Human Resources

Your Company believes that human resources are the most critical element responsible for a growth of your Company.

Your Company values its human capital and provides them ample opportunities to grow. Your Company has in place comprehensive and well-structured HR policies to ensure employee growth both at personal and professional levels. Your Company boasts of an experienced and talented pool of employees who continue to play key roles in enhancing business efficiency, devising strategies, setting-up systems and evolving business as per industry requirements. Your Company ensures a safe, conducive and productive work environment. Your Company is also expanding its talent pool considering the growth opportunities. Its strong organisational culture also enables it to attract talented resources. Your Company conducts regular trainings to the employees to ensure skill upgradation and personnel development.

Cautionary Statements

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

Directors' Report

To,

The Members of

AARTI INDUSTRIES LIMITED

Your Directors are pleased to present this Thirty Fifth Annual Report and the Audited Statement of Accounts for the year ended March 31, 2018.

Financial Highlights

(Figures in ₹ Crores)

Particulars	STANDALONE		CONSOLIDATED	
	2017-18	2016-17	2017-18	2016-17
Total Income from Operations (Net)	3699	3050	3806	3163
EBIDTA (without other income)	657	608	699	654
Depreciation & Amortization	136	115	146	123
Profit/(Loss) from Operations before Other Income, Finance Costs and Exceptional Items	521	493	553	531
Other Income/Exceptional Items	2	3	8	2
Profit/(Loss) before Finance Costs	523	496	561	533
Finance Costs	131	117	132	117
Profit/(Loss) before Tax	392	379	429	416
Total Tax Expenses	76	72	83	88
Non-controlling Interest	-	-	(13)	(12)
Net Profit/(Loss) after consolidation	316	307	333	316
Earnings Per Share (₹)	38.92	37.35	40.95	38.45
Book Value Per Share (₹)	186.37	159.53	203.62	173.69

Financial Performance

Your Company reported Gross Total Income of ₹ 3,699 Crores for FY 2017-18 as compared to ₹ 3,050 Crores for FY 2016-17. Similarly the exports for the year were of ₹ 1,593 Crores for FY 2017-18 as compared to ₹ 1,415 Crores for FY 2016-17.

Your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 659 Crores for FY 2017-18 as compared to ₹ 611 Crores for FY 2016-17, registering a growth of 8%. Net Profit Before Tax rose by 4% to ₹ 392 Crores for FY 2017-18 as compared to ₹ 379 Crores for FY 2016-17.

Net Profit after Tax & Deferred Tax also grew by 3% to ₹ 316 Crores for FY 2017-18 as compared to ₹ 307 Crores for FY 2016-17.

The Consolidated Total Income for FY 2017-18 was of ₹ 3,806 Crores as compared to ₹ 3,163 Crores for FY 2016-17 and exports for FY 2017-18 were ₹ 1,691 Crores as compare to ₹ 1,523 Crores for FY 2016-17.

On a Consolidated basis, your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 707 Crores for FY 2017-18 as compared to ₹ 655 Crores for FY 2016-17, registering a growth of 8%. Net Profit after consolidation grew by 5% to ₹ 333 Crores for FY 2017-18 as compared to ₹ 316 Crores for FY 2016-17. Consolidated EPS surged by about 7% at ₹ 40.95 for FY 2017-18, as compared to ₹ 38.45 for FY 2016-17.

Dividend

Your directors are pleased to recommend a Dividend of ₹ 1 (@20%) per Share (of ₹ 5/-each) amounting to dividend pay out of ₹ 8.13 Crores for the financial year 2017-18 (Previous Year ₹ 8.21 Crores). Your Company will pay the Tax on dividend as per the provisions of the income Tax Act, 1961.

Transfer to Reserves

Your Company has transferred ₹ 32 Crores to General Reserve (Previous Year: ₹ 31 Crores) and ₹ 30 Crores to Debenture Redemption Reserve (Previous Year: ₹ 30 Crores).

Company has transferred to Capital Redemption Reserve ₹ 0.41 Crores equal to the nominal value of the shares bought back as on appropriation from the General Reserve.

Share Capital

The Company had on March 15, 2018 completed Buyback of 8,20,383 (Eight Lakh Twenty Thousand Three Hundred Eighty Three) fully paid up Equity Shares (representing up to about 1% of the total number of Equity shares of the Company) from the Equity Shareholders/ Beneficial owners of the Company who held Equity Shares as on the record date i.e. January 5, 2018 (**"Record Date"**) on a proportionate basis through the tender offer using stock exchange mechanism (**"Tender offer"**) at a price of ₹ 1200/- (Rupees One Thousand Two Hundred Only) per Equity Share (**"Buyback Price"**). The number of Equity Shares thus reduced from 8,21,20,383 to 8,13,00,000 post Buyback and accordingly Issued, Subscribed and Paid-up Capital reduced to ₹ 40,65,00,000/-

Apart from the above, there were no changes in the Share Capital during the Financial Year under review.

Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Government of India, after the completion of seven years. Further, according to the rules, the shares on which Dividend has not been paid or claimed by the Shareholders for seven consecutive years or more shall be transferred to the Demat account of the IEPF Authority. Accordingly the Company has transferred the unclaimed and unpaid dividends of ₹ 14,99,573/- to IEPF and 2,56,266 such shares were transferred as per the requirement of the IEPF Rules.

Management's Discussion and Analysis Report

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

Corporate Governance

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

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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

Directors / Key Managerial Personnel (KMPs)

Vice Chairman, Shri Shantilal T. Shah (DIN: 00004850) and Whole time Director, Shri Parimal H. Desai (DIN: 00009272), of the Company shall retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers themselves for re appointment.

Shri Radheshyam S. Rohra (DIN: 00163318), who was appointed as an additional Director in the category of Independent Director by the Board of Directors effective from December 21, 2017, has been proposed by the Board based on recommendation of Nomination and Remuneration Committee (NRC), to be appointed as an Independent Director as such at ensuing AGM.

Present Term of Prof. Ganapati D. Yadav (DIN: 02235661) and Smt. Priti P. Savla (DIN: 00662996) Independent Directors of the Company would be expiring on September 23, 2018. Your Directors based on recommendation of Nomination and Remuneration Committee (NRC) propose their re-appointment as an Independent Directors for a second term by passing a special resolution.

Shri Raj Sarraf has been appointed as the Company Secretary and Compliance Officer of the Company with effect from November 16, 2017 in place of Smt. Mona Patel who resigned with effect from November 14, 2017.

Familiarisation Programme

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

Remuneration and Nomination Policy

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

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

Board Evaluation

Pursuant to the provisions of Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, a structured questionnaire was prepared after taking into consideration, various aspects of the Board's

functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

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

Independent Directors' Declaration

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

Directors' Meetings

The details of the number of meetings of the Board held during the Financial Year 2017-18 forms part of the Corporate Governance Report. Maximum gap between two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

Human Resources Development and Industrial Relations

The Company enjoyed excellent relationship with workers and staff during the year under review. The Company care for its Stakeholders, Customers, Suppliers and Community at large which reflects in company's policy, programs and development efforts. Your Company is committed to build and strengthen our human capital by defining policies that support their growth, goals, and help them achieve excellence. As on March 31, 2018 the Company had 4,642 permanent employees at its manufacturing plants and administrative offices.

Disclosure Under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013

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

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

Personnel

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

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

Corporate Social Responsibility

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

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

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

The detailed policy on Corporate Social Responsibility is available on the website of the Company on the weblink <http://aarti-industries.com/investors/corporategovernance/>

A brief note on various CSR initiatives undertaken during the year is presented earlier in this Annual report.

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

Material Changes and Commitments

The Board of Directors in their meeting held on June 28, 2018 has approved the Scheme of Arrangement pertaining to demerger of Home & Personal Care Segment of the Company into Arti Surfactants Limited and demerger of manufacturing under taking of Nascent Chemical Industries Limited into Company.

Company has incorporated a wholly owned subsidiary, Arti Surfactants Limited on June 18, 2018 for proposed demerger and absorption of Home & Personal Care under taking.

Auditors

Statutory Auditors

In the 35th Annual General Meeting (AGM) of the Company Re-appointment of M/s. Kirtane & Pandit LLP (Firm Registration No: 105215W/ W100057), Chartered Accountants would be considered by the members of the Company to hold office from the conclusion of 35th AGM until the conclusion of 39th AGM of the Company.

Cost Auditors

The Cost Auditor Ms. Ketki D. Visariya (Fellowship No.16028), Cost Accountant was re-appointed by the Company under provisions of Section 148(5) read with Section 141 of the Companies Act, 2013 and she attended the Audit Committee Meeting, where cost audit reports are discussed.

The due date for filing the Cost Audit Reports in XBRL mode for the Financial Year ended March 31, 2017 was September 30, 2017 and the Cost Audit Reports were filed on September 27, 2017. The due date for filing the Cost Audit Reports for the Financial Year ended March 31, 2018 is September 30, 2018.

The Company is seeking the ratification from the Shareholders for the Remuneration of Ms. Ketki D. Visariya, Cost Auditor of the Company for the Financial Year ending March 31, 2019 vide resolution no. 13 of the Notice of AGM.

Secretarial Auditor & Their Report

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

Explanation or Comments on disqualifications, reservations, adverse remarks or disclaimers in the auditor's reports:

There have been no disqualifications, reservations, adverse remarks or disclaimers in the auditor's reports, requiring explanation or comments by the Board.

Risk Management

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

Internal Control Systems and Their Adequacy

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

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

Business Responsibility Reporting

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

Safety, Health and Environment

Your Company is committed to ensure a sound Safety, Health and Environment (SHE) performance related to its activities, products and services. Your Company had been continuously taking various steps to develop and adopt Safer Process technologies and unit operations. Your Company has been investing heavily in areas such as Process Automation for increased safety and reduction of human error element, Enhanced level of training on Process and Behaviour based safety, adoption of safe & environmental friendly production process, Installation of Bioreactors, Chemical ROs, Multiple effect evaporator and Incinerator, etc to reduce the discharge of effluents, commissioning of Waste Heat recovery systems, and so on to ensure the Reduction, Recovery and Reuse of effluents & other utilities. Monitoring and periodic review of the designed SHE Management System are done on a continuous basis.

Some of the ongoing initiatives in this regard are briefed below:

Introducing Aarti Management System: An in-house developed framework of 32 elements detailing procedures and processes catering to all Plant Related Activities - 3 elements namely MOC (to manage change), BBS (major root causes of incidents

are due to behaviour) and Permit Systems catering to reduce SHE related risks had been launched and being implemented at various levels of operations. Other elements are being developed and reviewed and would be adopted in due course

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

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

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

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

Related Party Transactions

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

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

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

<http://aarti-industries.com/investors/corporategovernance/>

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

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

Whistle Blower Policy

The Company has a whistle blower policy to report genuine concerns or grievances. The Whistle Blower policy has been posted on the website of the Company and the web link thereto is <http://aarti-industries.com/investors/corporategovernance/>

Particulars of Loans, Guarantees or Investments

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

Deposits

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

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

Annual Return

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

Subsidiary Companies

The Company has 7 (Seven) direct subsidiaries, namely, Aarti Corporate Services Limited, Alchemie (Europe) Limited, Innovative Envirocare Jhagadia Limited, Ganesh Polychem Limited, Aarti USA Inc., Aarti Polychem Private Limited, Arti Surfactants Limited (incorporated on June 18, 2018) and 2 (two) indirect subsidiaries namely Shanti Intermediates Private Limited and Nascent Chemical Industries Limited both hold through Aarti Corporate Services Limited.

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

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

Material Subsidiary

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

Dividend Distribution Policy

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

Significant and Material Orders Passed by the Regulators or Courts

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

Directors' Responsibility Statement

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

- That in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a

true and fair view of the state of affairs of the company at the end of the Financial Year and of the profit and loss of the company for that period;

- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- That Directors' have prepared the annual accounts on a going concern basis;
- The directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 Shareholders, Government Authorities, Auditors, Financial Institutions, Customers, employees, suppliers, other business associates and various other stakeholders.

For and on behalf of the Board

Place : Mumbai

Date: June 28, 2018

Rajendra V. Gogri

Chairman and Managing Director

Cautionary Statement

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

Annexure 'A'

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

- 2) CSR Committee:

The composition of the Corporate Social Responsibility Committee is given below:

Name of the Directors	Acting in the Committee as	Category
Shri Laxmichand K. Jain	Chairman (upto February 3, 2018)	Independent, Non-executive
Shri Ramdas M. Gandhi	Chairman (from February 3, 2018)	Independent, Non-executive
Smt. Hetal Gogri Gala	Member	Executive
Shri Kirit R. Mehta	Member	Executive
Shri KVS Shyam Sunder	Member (from May 11, 2018)	Independent, Non-executive
Shri Shantilal T. Shah	Member (from May 11, 2018)	Non-executive

The committee was reconstituted on February 3, 2018 and thereby Shri Ramdas M. Gandhi has been appointed and designated as the Chairman in place of Shri Laxmichand K. Jain who ceased to be member of the committee.

The committee was again reconstituted on May 11, 2018 by introduction of Shri KVS Shyam Sunder and Shri Shantilal T. Shah as a member.

- 3) CSR Budget and details of activities for the FY 2017-18

Average net profit of the Company for the last three financial years	₹ 318.60 Crs
Prescribed CSR Expenditure (two percent of the amount as above)	₹ 6.37 Crs
Details of CSR Spent during the financial year	
Total amount to be spend for the financial year	₹ 6.37 Crs
Amount unspent, if any	Nil
Manner in which the amount spend during the financial year	Details given below

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(₹ in Crs.)

Sr. No.	Projects/ Activities	Sector in which project is undertaken	Locations where project is undertaken (Local Area/District)	Amount outlay (Budget) Project or Programs wise	Amount Spent on the project or programs. Sub-heads 1. Direct Expenditure on Projects or Programs 2. Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through Implementing agency*
1	A. Education & Vocational Training	Rural Development	At various locations in the states of Gujarat, Maharashtra	4.32	4.32	4.32	Direct & Indirect
	B. Healthcare			0.47	0.47	0.47	
	C. Women Empowerment			0.04	0.04	0.04	
	D. Hygiene and Sanitation			0.03	0.03	0.03	
	E. Livestock Development			0.04	0.04	0.04	
	F. Green Environment Project			0.60	0.60	0.60	
2	Relief & Rehabilitation	Rehabilitation of Disaster affected areas	At various locations in the states of Gujarat, Maharashtra	0.94	0.94	0.94	Direct & Indirect
3	Community Township and Livelihood Opportunities	Eradicating Poverty and Hunger	At various locations in the states of Gujarat, Maharashtra	0.18	0.18	0.18	Direct & Indirect
4	Others	Others	At various locations in the states of Gujarat, Maharashtra	0.07	0.07	0.07	Direct & Indirect
Total				6.69	6.69	6.69	

Details of implementing agency:

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

Place : Mumbai
Date : June 28, 2018

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

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

Annexure 'B'

Form No. MGT-9 EXTRACT OF ANNUAL RETURN As on the financial year ended March 31, 2018

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Company does not have any single product contributing 10% or more of the total turnover of the Company. Company business is divided into three segment viz. Speciality Chemicals, Pharmaceuticals and Home & Personal Care Chemicals. For segmental revenue refer note no. 16.1 of Statement of Profit & Loss account.	-	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Aarti Corporate Services Ltd. Udyog Khsetra, 2nd Floor, Mulund Goregaon Link Road, LBS Marg, Mulund West, Mumbai - 400080	U67120MH1995PTC084963	Subsidiary	100%	2(87)
2	Aarti Polychem Ltd. 71, 222, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (W), Mumbai -400080	U24304MH2017PTC295395	Subsidiary	100%	2(87)
3	Aarti USA Inc. 817 Azalea Drive, North Brunswick, NJ 08902	36-4806810	Subsidiary	100%	2(87)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4	Alchemie (Europe) Ltd. 7-9, S.T. Mary'S Place, Bury Lancs, BL9 ODZ, England, United Kingdom	3061267	Subsidiary	88.89%	2(87)
5	Ganesh Polychem Ltd. Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, LBS Marg, Mulund West, Mumbai -400080	U24299MH2001PLC133900	Subsidiary	50.24%	2(87)
6	Innovative Envirocare Jhagada Ltd. 71, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, LBS Marg, Mulund (W), Mumbai -400080	U24233MH2012PLC233058	Subsidiary	100%	2(87)
7	Nascent Chemical Industries Ltd. (through Aarti Corporate Services Ltd.) 909 Raheja Centre, Nariman Point, Mumbai -400021	U24100MH1966PLC013490	Subsidiary	50.49%	2(87)
8	Shanti Intermediate Pvt.. Ltd. (through Aarti Corporate Services Ltd.) Plot No. 1001 / 9, 3rd Phase, G.I.D.C. Vapi, Valsad, Gujarat-396195	U24231GJ1989PTC012373	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	38242739	0	38242739	46.57	35114743	0	35114743	43.19	-3.38
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	5787515	0	5787515	7.05	6278336	0	6278336	7.72	+0.67
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	44030254	0	44030254	53.62	41393079	0	41393079	50.91	-2.71
(2) Foreign									
a) NRIs - Individuals	130737	0	130737	0.16	130737	0	130737	0.16	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks /FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	130737	0	130737	0.16	130737	0	130737	0.16	0.00
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	44160991	0	44160991	53.78	41523816	0	41523816	51.07	-2.71

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	9902863	0	9902863	12.06	11133341	0	11133341	13.69	+1.63
b) Banks /FI	18929	0	18929	0.02	14839	0	14839	0.02	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Portfolio-Corp.	3341918	0	3341918	4.07	2960279	0	2960279	3.64	-0.43
i) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
j) Other (Specify) Alternate Investment Funds	0	0	0	0.00	370697	0	370697	0.46	+0.46
Sub-total (B)(1):-	13263710	0	13263710	16.15	14479156	0	14479156	17.81	+1.66
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	985825	0	985825	1.20	839200	0	839200	1.03	-0.17
ii) Overseas	0	0	0	0.00	0	0	0	0.00	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	8135677	1211171	9347388	11.38	7933152	1044276	8977428	11.04	-0.34
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11908851	66972	11975283	14.58	11794722	66972	11861694	14.59	+0.01
c) Others (specify)									
(i) Non Resident Indians	357767	600	358367	0.43	563917	600	564517	0.69	+0.26
(ii) Trusts	64161	0	64161	0.08	111894	0	111894	0.14	+0.06
(iii) Foreign National	2869	0	2869	0.00	586	0	586	0.00	0.00
(iv) Unclaimed suspense Account	343188	0	343188	0.42	139220	0	139220	0.17	-0.25
(vi) Hindu Undivided Family	740635	0	740635	0.90	581645	0	581645	0.72	-0.18
(vii) Clearing Member	877966	0	877966	1.07	1964578	0	1964578	2.42	+1.35
(viii) IEPF	0	0	0	0.00	256266	0	256266	0.32	+0.32
Sub-total (B)(2):-	23416939	1278743	24695682	30.07	24185180	1111848	25297028	31.12	+1.05
Total Public Shareholding (B)=(B)(1)+ (B)(2)	36680649	1278743	37959392	46.22	38664336	1111848	39776184	48.93	+2.71
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	80841640	1278743	82120383	100.00	80188152	1111848	81300000	100.00	-

Note: The Company has completed buyback of 8,20,383 Equity Shares of face value of ₹ 5/- each at a price of ₹ 1,200/- per share on March 15, 2018. The number of Equity Shares post buy back stands reduced to 8,13,00,000 of ₹ 5/- each.

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1 st April, 2017)			Shareholding at the end of the year (As on 31 st March, 2018)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Aarnav Rashesh Gogri	0	0.00	0.00	71139	0.09	0.00	0.09
2	Aashay Rashesh Gogri	226694	0.28	0.00	550000	0.68	0.00	0.40
3	Arti Rajendra Gogri	2277063	2.77	0.00	2199277	2.71	0.00	-0.06
4	Bhanu Pradip Savla	130737	0.16	0.00	130737	0.16	0.00	0.00
5	Bhavna Shah Lalka	942273	1.15	0.00	942273	1.16	0.00	0.01
6	Chandrakant Vallabhaji Gogri	7404834	9.02	0.00	3943934	4.85	0.00	-4.17
7	Dhanvanti Vallabhji Gogri	100000	0.12	0.00	97656	0.12	0.00	0.00
8	Dilip Tejshi Dedhia	4488	0.01	0.00	4488	0.01	0.00	0.00
9	Gunavanti Navin Shah	86492	0.11	0.00	86642	0.11	0.00	0.00
10	Heena Bhatia	855860	1.04	0.00	855860	1.05	0.00	0.01
11	Hetal Gogri Gala	2977894	3.63	0.00	2906221	3.57	0.00	-0.06
12	Indira Madan Dedhia	182718	0.22	0.00	181150	0.22	0.00	0.00
13	Jaya Chandrakant Gogri	806457	0.98	0.00	493294	0.61	0.00	-0.37
14	Manisha Rashesh Gogri	221530	0.27	0.00	550000	0.68	0.00	0.41
15	Mirik Rajendra Gogri	3679364	4.48	0.00	3514334	4.32	0.00	-0.16
16	Nehal Garewal	1031136	1.26	0.00	1031136	1.27	0.00	0.01
17	Nikhil Parimal Desai	556476	0.68	0.00	779210	0.96	0.00	0.28
18	Parimal Hasmukhlal Desai	316726	0.39	0.00	309304	0.38	0.00	-0.01
19	Pooja Renil Gogri	391	0.00	0.00	382	0.00	0.00	-0.00
20	Prasadi Yogesh Banatwala	13200	0.02	0.00	11225	0.01	0.00	-0.01
21	Rajendra Vallabhaji Gogri	3073249	3.74	0.00	3009900	3.70	0.00	-0.04
22	Rajendra Vallabhaji Gogri (HUF)	315673	0.38	0.00	308274	0.38	0.00	0.00
23	Rashesh Chandrakant Gogri	4797248	5.84	0.00	5334404	6.56	0.00	0.72
24	Ratanben Premji Gogri	400000	0.49	0.00	380000	0.47	0.00	-0.02
25	Renil Rajendra Gogri	3512073	4.28	0.00	3429752	4.22	0.00	-0.06
26	Rinku Parimal Desai	239587	0.29	0.00	1800	0.00	0.00	-0.29
27	Sarla Shantilal Shah	2075886	2.53	0.00	1925886	2.37	0.00	-0.16
28	Shantilal Tejshi Shah	1865294	2.27	0.00	1715294	2.11	0.00	-0.16
29	Shantilal Tejshi Shah (HUF)	166200	0.20	0.00	369141	0.45	0.00	0.25
30	Tarla Parimal Desai	113933	0.14	0.00	112767	0.14	0.00	0.00
31	Alchemie Financial Services Limited	673006	0.82	0.00	673006	0.83	0.00	0.01
32	Alchemie Finserv Private Limited	264105	0.32	0.00	264105	0.32	0.00	0.00
33	Anushakti Enterprise Private Limited	2492500	3.04	0.00	2492500	3.07	0.00	0.03
34	Gogri Finserv Private Limited	264105	0.32	0.00	264105	0.32	0.00	0.00
35	Dilesh Roadlines Pvt Ltd	8318	0.01	0.00	8318	0.01	0.00	0.00
36	Nikhil Holdings Private Limited	380481	0.46	0.00	371302	0.46	0.00	0.00
37	Safechem Enterprises Private Limited	1470000	1.79	0.00	1470000	1.81	0.00	0.02
38	Saswat Trusteeship Private Limited	0	0.00	0.00	500000	0.62	0.00	0.62
39	Valiant Organics Private Limited	235000	0.29	0.00	235000	0.29	0.00	0.00
TOTAL		44160991	53.78	0.00	41523816	51.07	0.00	-2.71

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

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company					
1.	Aarnav Rashesh Gogri	0	0.00	23.03.2018	+71139	Inter-se Transfer	71139	0.09
2.	Aashay Rashesh Gogri	226694	0.28	15.03.2018	-5313	Buyback	221381	0.27
				23.03.2018	+306223	Inter-se Transfer	527604	0.65
				28.03.2018	+22396	Gift Received	550000	0.68
3.	Arti Rajendra Gogri	2277063	2.77	11.10.2017	-25000	Market Sale	2252063	2.74
				15.03.2018	-52786	Buyback	2199277	2.71
4.	Bhanu Pradip Savla	130737	0.16	-	-	No Change	130737	0.16
5.	Bhavna Shah Lalka	942273	1.15	-	-	No Change	942273	1.16
6.	Chandrakant Vallabhaji Gogri	7404834	9.02	30.03.2017	+100000	Inter Se Transfer	7504834	9.14
				31.03.2017	+253217	Inter Se Transfer	7758051	9.45
				23.11.2017	-2500	Sale	7755551	9.44
				24.11.2017	-2708	Sale	7752843	9.44
				27.11.2017	-1108	Sale	7751735	9.44
				29.11.2017	-2500	Sale	7749235	9.44
				30.11.2017	-1336	Sale	7747899	9.43
				15.03.2018	-181616	Buyback	7566283	9.31
				23.03.2018	-377362	Inter-se Transfer	7188921	8.84
				26.03.2018	-948472	Inter-se Transfer	6240449	7.68
				27.03.2018	-13500	Inter-se Transfer	6226949	7.66
				28.03.2018	-1709327	Inter-se Transfer	4517622	5.56
				28.03.2018	-16500	Sale	4501122	5.54
				28.03.2018	-557188	Gift Given	3943934	4.85
7.	Dhanvanti Vallabhji Gogri	100000	0.12	15.03.2018	-2344	Buyback	97656	0.12
8.	Dilip Tejshi Dedhia	4488	0.01	-	-	No Change	4488	0.01
9.	Gunavanti Navin Shah	86492	0.11	25.01.2018	+100	Purchase	86592	0.11
				30.01.2018	+50	Purchase	86642	0.11
10.	Heena Bhatia	855860	1.04	-	-	No Change	855860	1.05
11.	Hetal Gogri Gala	2977894	3.63	20.06.2017	-2000	Sale	2975894	3.62
				29.12.2017	+80	Purchase	2975974	3.62
				15.03.2018	-69753	Buyback	2906221	3.57
12.	Indira Madan Dedhia	182718	0.22	15.03.2018	-1568	Buyback	181150	0.22

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company					
13.	Jaya Chandrakant Gogri	806457	0.98	03.04.2017	-10658	Sale	795799	0.97
				05.04.2017	-15000	Sale	780799	0.95
				07.04.2017	-1803	Sale	778996	0.95
				10.04.2017	-562	Sale	778434	0.95
				11.04.2017	-17257	Sale	761177	0.93
				12.04.2017	-2042	Sale	759135	0.92
				17.04.2017	-4000	Sale	755135	0.92
				18.04.2017	-26500	Sale	728635	0.89
				25.04.2017	-6000	Sale	722635	0.88
				26.04.2017	-4000	Sale	718635	0.88
				27.04.2017	-25000	Sale	693635	0.84
				28.04.2017	-3717	Sale	689918	0.84
				15.06.2017	-1000	Sale	688918	0.84
				16.06.2017	-100	Sale	688818	0.84
				21.06.2017	-2610	Sale	686208	0.84
				22.06.2017	-2000	Sale	684208	0.83
				27.06.2017	-301	Sale	683907	0.83
				28.06.2017	-5454	Sale	678453	0.83
				29.06.2017	-7000	Sale	671453	0.82
				30.06.2017	-15000	Sale	656453	0.80
				03.07.2017	-10000	Sale	646453	0.79
				04.07.2017	-6000	Sale	640453	0.78
				05.07.2017	-2744	Sale	637709	0.78
				06.07.2017	-4000	Sale	633709	0.77
				07.07.2017	-12791	Sale	620918	0.76
				10.07.2017	-216	Sale	620702	0.76
				11.07.2017	-15000	Sale	605702	0.74
				12.07.2017	-16741	Sale	588961	0.72
				13.07.2017	-16108	Sale	572853	0.70
				14.07.2017	-9760	Sale	563093	0.69
				17.07.2017	-7054	Sale	556039	0.68
				18.07.2017	-5500	Sale	550539	0.67
				19.07.2017	-17003	Sale	533536	0.65
				21.07.2017	-3351	Sale	530185	0.65
				24.07.2017	-20548	Sale	509637	0.62
				22.09.2017	-2504	Sale	507133	0.62
				11.10.2017	-2000	Sale	505133	0.62
				15.03.2018	-11839	Buyback	493294	0.61
14.	Manisha Rashesh Gogri	221530	0.27	15.03.2018	-5192	Buyback	216338	0.27
				26.03.2018	+298870	Inter-se Transfer	515208	0.63
				28.03.2018	+34792	Gift Received	550000	0.68
15.	Mirik Rajendra Gogri	3679364	4.48	11.10.2017	-14120	Sale	3665244	4.46
				15.03.2018	-85910	Buyback	3579334	4.40
				28.03.2018	-65000	Gift Given	3514334	4.32
16.	Nehal Garewal	1031136	1.26	-	-	No Change	1031136	1.27
17.	Nikhil Parimal Desai	556476	0.68	27.11.2017	+237787	Gift Received	794263	0.97
				15.03.2018	-15053	Buyback	779210	0.96

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company					
18.	Parimal Hasmukhlal Desai	316726	0.39	15.03.2018	-7422	Buyback	309304	0.38
19.	Pooja Renil Gogri	391	0.00	15.03.2018	-9	Buyback	382	0.00
20.	Prasadi Yogesh Banatwala	13200	0.02	11.10.2017	-200	Sale	13000	0.02
				30.10.2017	-200	Sale	12800	0.02
				31.10.2017	-1500	Sale	11300	0.01
				05.12.2017	-75	Sale	11225	0.01
21.	Rajendra Vallabhaji Gogri	3073249	3.74	15.03.2018	-63349	Buyback	3009900	3.70
22.	Rajendra Vallabhaji Gogri (HUF)	315673	0.38	15.03.2018	-7399	Buyback	308274	0.38
23.	Rashesh Chandrakant Gogri	4797248	5.84	15.03.2018	-112446	Buyback	4684802	5.76
				26.03.2018	+649602	Inter-se Transfer	5334404	6.56
24.	Ratanben Premji Gogri	400000	0.49	27.04.2017	-20000	Sale	380000	0.47
25.	Renil Rajendra Gogri	3512073	4.28	15.03.2018	-82321	Buyback	3429752	4.22
26.	Rinku Parimal Desai	239587	0.29	27.11.2017	-237787	Gift Given	1800	0.00
27.	Sarla Shantilal Shah	2075886	2.53	28.07.2017	-150000	Gift Given	1925886	2.37
28.	Shantilal Tejshi Shah	1865294	2.27	17.08.2017	-150000	Gift Given	1715294	2.11
29.	Shantilal Tejshi Shah (HUF)	166200	0.20	30.03.2017	+202941	Inter-se Transfer	369141	0.45
30.	Tarla Parimal Desai	113933	0.14	15.03.2018	-1166	Buyback	112767	0.14
31.	Alchemie Financial Services Limited	673006	0.82	-	-	No Change	673006	0.83
32.	Alchemie Finserv Private Limited	264105	0.32	-	-	No Change	264105	0.32
33.	Anushakti Enterprise Private Limited	2492500	3.04	-	-	No Change	2492500	3.07
34.	Gogri Finserv Private Limited	264105	0.32	-	-	No Change	264105	0.32
35.	Dilesh Roadlines Pvt Ltd	8318	0.00	-	-	No Change	8318	0.01
36.	Nikhil Holdings Private Limited	380481	0.46	27.07.2017	-1281	Sale	379200	0.46
				15.03.2018	-7898	Buyback	371302	0.46
37.	Safechem Enterprises Private Limited	1470000	1.79	-	-	No Change	1470000	1.81
38.	Saswat Trusteeship Private Limited	0	0.00	28.03.2018	+500000	Gift Received	500000	0.62
39.	Valiant Organics Private Limited	235000	0.29	-	-	No Change	235000	0.29

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

Sr. Name No.	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1. HDFC Trustee Company Limited	6267393	7.63	14.04.2017	+39261	Purchase	6306654	7.68
			01.09.2017	+1432	Purchase	6308086	7.68
			08.09.2017	+ 85000	Purchase	6393086	7.79
			15.09.2017	+35500	Purchase	6428586	7.83
			22.09.2017	+53500	Purchase	6482086	7.89
			29.09.2017	+3300	Purchase	6485386	7.90
			06.10.2017	+2700	Purchase	6488086	7.90
			09.02.2018	+42800	Purchase	6530886	7.95
2. DSP Blackrock	2048616	2.49	28.04.2017	+1047	Purchase	2049663	2.50
			30.06.2017	+64112	Purchase	2113775	2.57
			08.09.2017	-15000	Sale	2098775	2.56
			22.09.2017	-36	Sale	2098739	2.56
			29.09.2017	+500	Purchase	2099239	2.56
			06.10.2017	+32747	Purchase	2131986	2.60
			13.10.2017	+26804	Purchase	2158790	2.63
			03.11.2017	-31000	Sale	2127790	2.59
			10.11.2017	-100593	Sale	2027197	2.47
			22.12.2017	+48000	Purchase	2075197	2.53
			29.12.2017	+21847	Purchase	2097044	2.55
			16.03.2018	+7050	Purchase	2104094	2.59
			23.03.2018	-6685	Sale	2097409	2.58
3. L and T Mutual Fund Trustee Ltd	808839	0.98	07.04.2017	-6573	Sale	802266	0.98
			14.04.2017	-41172	Sale	761094	0.93
			05.05.2017	+72132	Purchase	833226	1.01
			19.05.2017	+10288	Purchase	843514	1.03
			26.05.2017	+114066	Purchase	957580	1.17
			02.06.2017	+25000	Purchase	982580	1.20
			09.06.2017	+137220	Purchase	1119800	1.36
			07.07.2017	+30157	Purchase	1149957	1.40
			28.07.2017	+12905	Purchase	1162862	1.42
			18.08.2017	+18539	Purchase	1181401	1.44
			25.08.2017	+34845	Purchase	1216246	1.48
			15.09.2017	+73600	Purchase	1289846	1.57
			22.09.2017	+19139	Purchase	1308985	1.59
			29.09.2017	+71922	Purchase	1380907	1.68
			06.10.2017	+22000	Purchase	1402907	1.71
			13.10.2017	+50448	Purchase	1453355	1.77
			03.11.2017	+25400	Purchase	1478755	1.80
			10.11.2017	+100593	Purchase	1579348	1.92
			17.11.2017	+27500	Purchase	1606848	1.96
			24.11.2017	+49125	Purchase	1655973	2.02
			01.12.2017	+10510	Purchase	1666483	2.03
			08.12.2017	+54729	Purchase	1721212	2.10
			15.12.2017	+9027	Purchase	1730239	2.11
			25.12.2017	+70178	Purchase	1800417	2.19
			09.02.2018	-47721	Sale	1752696	2.13
			23.02.2018	+36000	Purchase	1788696	2.18
			02.03.2018	+3628	Purchase	1792324	2.18
			09.03.2018	+37968	Purchase	1830292	2.23
			16.03.2018	+22580	Purchase	1852872	2.28
			23.03.2018	+5000	Purchase	1857872	2.29

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
4.	Tarla Kishorekumar Shah	835758	1.02	-	-	Nil movement during the year	835758	1.02
5.	Bhanumati Mohanlal Savla	595057	0.72	21.04.2017	-24795	Purchase	570262	0.69
				28.04.2017	+42216	Purchase	612478	0.75
				21.07.2017	-8073	Sale	604405	0.74
				28.07.2017	-8412	Sale	595993	0.73
				04.08.2017	-4195	Sale	591798	0.72
				18.08.2017	+29595	Purchase	621393	0.76
				01.09.2017	-5522	Sale	615871	0.75
				08.09.2017	-234	Sale	615637	0.75
				15.09.2017	-244	Sale	615393	0.75
				22.09.2017	-1316	Sale	614077	0.75
				29.09.2017	-684	Sale	613393	0.75
				17.11.2017	-9515	Sale	603878	0.74
				29.12.2017	-938	Sale	602940	0.73
				05.01.2018	+3453	Purchase	606393	0.74
				12.01.2018	-1000	Sale	605393	0.74
6.	Ranjanben Pradip Shah	586451	0.71	-	-	Nil movement during the year	586451	0.72
7.	Harsha Chandrakant Shah	540852	0.66	-	-	Nil movement during the year	540852	0.67
8.	Kavita Harakhchand Gogri#	482499	0.59	04.08.2017	-1232	Sale	481267	0.59
				18.08.2017	+1126	Purchase	482393	0.59
				13.10.2017	-2000	Sale	480393	0.58
				20.10.2017	-500	Sale	479893	0.58
				27.10.2017	-3000	Sale	476893	0.58
				03.11.2017	-2000	Sale	474893	0.58
				10.11.2017	+2000	Purchase	476893	0.58
				17.11.2017	+927	Purchase	477820	0.58
				24.11.2017	-50	Sale	477770	0.58
				08.12.2017	+2000	Purchase	479770	0.58
				15.12.2017	-3000	Sale	476770	0.58
				22.12.2017	-4500	Sale	472270	0.58
				29.12.2017	-2000	Sale	470270	0.57
				19.01.2018	+270	Purchase	470540	0.57
				26.01.2018	+1638	Purchase	472178	0.57
				02.02.2018	+599	Purchase	472777	0.58

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
9.	Alpa Harakhchand Gogri#	472706	0.58	28.07.2017	-2000	Sale	470706	0.57
				18.08.2017	+2500	Purchase	473206	0.58
				13.10.2017	-2143	Sale	471063	0.57
				20.10.2017	-1000	Sale	470063	0.57
				27.10.2017	-2500	Sale	467563	0.57
				03.11.2017	-1000	Sale	466563	0.57
				10.11.2017	+1000	Purchase	467563	0.57
				17.11.2017	+691	Purchase	468254	0.57
				24.11.2017	-50	Sale	468204	0.57
				08.12.2017	+2000	Purchase	470204	0.57
				15.12.2017	-3000	Sale	467204	0.57
				22.12.2017	-5235	Sale	461969	0.56
				29.12.2017	-2263	Sale	459706	0.56
				19.01.2018	+1308	Purchase	461014	0.56
				26.01.2018	+966	Purchase	461980	0.56
				02.02.2018	+226	Purchase	462206	0.56
10.	Anil L Shah	395291	0.48	-	-	Nil movement during the year	395291	0.49
11.	Pictet Country Fund (Mauritius) Limited*	663719	0.81	26.05.2017	-113131	Sale	550588	0.67
				09.06.2017	-100995	Sale	449593	0.55
				10.11.2017	-13676	Sale	435917	0.53
				24.11.2017	-37016	Sale	398901	0.49
				29.12.2017	-3545	Sale	395356	0.48
				05.01.2018	-89746	Sale	305610	0.37
				16.02.2018	-8342	Sale	297268	0.35
				23.02.2018	-3441	Sale	293827	0.36
				02.03.2018	-23428	Sale	270399	0.33
				09.03.2018	-14983	Sale	255416	0.31
				16.03.2018	-49147	Sale	206269	0.25
				23.03.2018	-14025	Sale	192244	0.24
				31.03.2018	-2683	Sale	189561	0.23
12.	Mirae Asset Emerging Bluechip Fund*	546220	0.67	12.05.2017	-12461	Sale	533759	0.65
				19.05.2017	-14000	Sale	519759	0.63
				26.05.2017	-116262	Sale	403497	0.49
				02.06.2017	-42755	Sale	360742	0.44
				16.06.2017	-4044	Sale	356698	0.43
				18.08.2017	-88633	Sale	268065	0.33
				25.08.2017	-54961	Sale	213104	0.26
				01.09.2017	-18966	Sale	194138	0.24
				08.09.2017	-128217	Sale	65921	0.08
				15.09.2017	-58094	Sale	7827	0.01
				22.09.2017	-7827	Sale	0	0.00

* Ceased to be in the top 10 shareholders as on 31-03-2018. The same is reflected above since the shareholder was one of the top 10 shareholders as on 01-04-2017.

Not in the list of top 10 shareholders as on 01-04-2017. The same is reflected above since the shareholder was one of the top 10 shareholders as on 31-03-2018.

No of Shares at the beginning of the Year - 82120383

No of shares at the end of the Year - 81300000

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Rajendra Vallabhaji Gogri	3073249	3.74	15.03.2018	-63349	Buyback	3009900	3.70
				28.03.2018	+65000	Gift Received	3074900	3.78
2.	Rashesh C. Gogri	4797248	5.84	15.03.2018	-112446	Buyback	4684802	5.76
				26.03.2018	+649602	Inter-se Transfer	5334404	6.56
3.	Shantilal T. Shah	1865294	2.27	17.08.2017	-150000	Gift Given	1715294	2.09
4.	Parimal H. Desai	316726	0.39	15.03.2018	-7422	Buyback	309304	0.38
5.	Manoj M. Chheda	963437	1.17	25.08.2017	+526	Purchase	963963	1.19
6.	Kirit R. Mehta	42513	0.05	27.04.2017	-1000	Sale	41513	0.05
				26.05.2017	-100	Sale	41413	0.05
				29.05.2017	-200	Sale	41213	0.05
				30.05.2017	-400	Sale	40813	0.05
				05.07.2017	-400	Sale	40413	0.05
				07.07.2017	-400	Sale	40013	0.05
				10.07.2017	-200	Sale	39813	0.05
				11.07.2017	-34	Sale	39779	0.05
				13.07.2017	-200	Sale	39579	0.05
				20.07.2017	-200	Sale	39379	0.05
				26.07.2017	-200	Sale	39179	0.05
				27.07.2017	-200	Sale	38979	0.05
				21.08.2017	-400	Sale	38579	0.05
				22.08.2017	-200	Sale	38379	0.05
				08.09.2017	-600	Sale	37779	0.05
				15.09.2017	-800	Sale	36979	0.05
				29.09.2017	-200	Sale	36779	0.04
				03.10.2017	-118	Sale	36661	0.04
				11.10.2017	-600	Sale	36061	0.04
				16.10.2017	-200	Sale	35861	0.04
				24.10.2017	-200	Sale	35661	0.04
				26.10.2017	-200	Sale	35461	0.04
				27.10.2017	-200	Sale	35261	0.04
				21.11.2017	-400	Sale	34861	0.04
				18.12.2017	-41	Sale	34820	0.04
				15.03.2018	-309	Buyback	34511	0.04
7.	Hetal Gogri Gala	2977894	3.63	20.06.2017	-2000	Sale	2975894	3.62
				29.12.2017	+80	Purchase	2975974	3.62
				15.03.2018	-69753	Buyback	2906221	3.57
8.	Renil R. Gogri	3512073	4.28	15.03.2018	-82321	Buyback	3429752	4.22
9.	Ramdas M. Gandhi	9760	0.01	15.03.2018	-228	Buyback	9532	0.01
10.	Laxmichand K. Jain	18550	0.02	26.04.2017	-2000	Sale	16550	0.02
11.	K.V.S. Shyam Sunder	-	-	-	-	Nil movement during the year	-	-
12.	P. A. Sethi	-	-	-	-	Nil movement during the year	-	-

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
13.	Bhavesh R. Vora	-	-	-	-	Nil movement during the year	-	-
14.	Ganapati D. Yadav	1200	0.00	-	-	Nil movement during the year	1200	0.00
15.	Priti P. Savla	-	-	-	-	Nil movement during the year	-	-
16.	Radheshyam S. Rohra	-	-	-	-	Nil movement during the year	-	-
17.	Chetan B. Gandhi	130	0.00	-	-	Nil movement during the year	130	0.00
18.	Raj Sarraf	-	-	-	-	Nil movement during the year	-	-

No of Shares at the beginning of the Year - 82120383

No of shares at the end of the Year – 81300000

V. INDEBTEDNESS

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

(₹ in Crs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,456.85	88.46	-	1,545.31
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	18.61	-	-	18.61
Total (i+ii+iii)	1,475.46	88.46	-	1,563.92
Change in Indebtedness during the financial year				
Addition	446.05	51.43	-	497.48
Reduction	-	-	-	-
Net Change	446.05	51.43	-	497.48
Indebtedness at the end of the financial year				
i) Principal Amount	1906.64	139.89	-	2046.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	14.87	-	-	14.87
Total (i+ii+iii)	1921.51	139.89	-	2061.40

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Crs.)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager							Total Amount
		CMD	VC&MD	WTD	WTD	WTD	WTD	WTD	
		Rajendra V. Gogri	Rashesh C. Gogri	Parimal H. Desai	Manoj M. Chheda	Hetal Gogri Gala	Kirit R. Mehta	Renil R. Gogri	
1.	Gross salary								
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.59	0.59	0.51	0.51	0.51	0.34	0.41	3.46
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.14	0.14	0.12	0.12	0.12	0.08	0.05	0.77
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-	-	-
4.	Commission								
	- as % of profit	2.43	2.43	0.46	0.46	2.32	-	1.16	9.26
	- others, specify...								
5.	Others, please specify	-	-	-	-	-	-	-	-
	Total (A)	3.16	3.16	1.09	1.09	2.95	0.42	1.62	13.49
	Ceiling as per the Act	10% of net profits of the Company							

B. Remuneration to other directors:

(₹ in Crs.)

Sl. no.	Particulars of Remuneration	Name of the Director									Total
		Ramdas M. Gandhi	L. K. Jain	K.V.S. Shyam Sunder	P.A. Sethi	Bhavesh R. Vora	Ganapati D. Yadav	Priti Paras Savla	R.S. Rohra [§]	Vijay H. Patil*	
1.	Ind. Directors	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.00	0.01	0.15
	Fee for attending board / committee meetings										
	Commission	-	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (1)	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.00	0.01	0.15
2.	Other Non-Executive Directors	Shantilal T. Shah	-	-	-	-	-	-	-	-	-
	Fee for attending board / committee meetings	0.02	-	-	-	-	-	-	-	-	0.02
	Commission	-	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (2)	0.02	-	-	-	-	-	-	-	-	0.02
	Total Managerial Remuneration (B)=(1+2)	-	-	-	-	-	-	-	-	-	0.17
	Overall Ceiling as per the Act	1% of net profits of the Company									

[§] appointed as on December 21, 2017 by Board of Directors

* cease to be Director effective from September 27, 2017.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in Crs.)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary*	CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.60	0.27	0.87
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.01	0.01
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	0.60	0.28	0.88

* Ms. Mona Patel Drawn Salary from April 1, 2017 to November 14, 2017 and Mr. Raj Sarraf Drawn salary from November 16, 2017 to March 31, 2018.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board

Place : Mumbai
Date: June 28, 2018

Rajendra V. Gogri
Chairman and Managing Director

Annexure 'C'

FORM AOC-1

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT, 2013.

PART "A" : SUBSIDIARIES

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reverse & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% Of Shareholding
1	Aarti Corporate Services Ltd.	INR	2.02	12.60	14.65	0.03	10.60	8.54	8.32	1.46	6.86	-	100.00
2	Nascent Chemical Industries Ltd.	INR	0.60	11.87	15.05	2.58	-	22.04	7.94	2.21	5.73	-	50.49
3	Shanti Intermediates Pvt. Ltd.	INR	0.07	0.05	5.12	5.00	0.01	9.62	0.05	-	0.05	-	100.00
4	Innovative Envirocare Jhagadia Ltd.	INR	0.35	-0.07	0.29	0.01	-	-	-0.01	-	-0.01	-	100.00
5	Ganesh Polychem Ltd.	INR	6.17	129.50	237.11	101.44	-	192.47	23.32	3.27	20.05	-	50.24
6	Aarti Polychem Pvt. Ltd.	INR	-	-	0.05	0.05	-	-	-	-	-	-	100.00
7	Alchemie (Europe) Ltd.	GBP	0.01	-	0.85	0.84	-	0.96	-	-	-	-	88.89
		INR	0.92	0.02	78.76	77.82	-	83.41	3.22	-	3.22	-	
8	Aarti USA INC.	US\$	0.01	-0.02	0.14	0.15	-	0.14	-0.01	-	-0.01	-	100.00
		INR	0.66	-1.33	9.25	9.92	-	9.28	-0.45	-	-0.45	-	

The Financial Statement of Alchemie (Europe) Limited and Aart USA INC Whose reporting currency is other than INR are converted into Indian Rupees on the basis of appropriate exchange rate as per the applicable Accounting Standard. As at March 31, 2018 GBP 1 = INR 92.25 and US\$ 1 = INR 65.60.

For and on behalf of the Board

Rajendra V. Gogri

Chairman and Managing Director

DIN: 00061003

Rashesh C. Gogri

Vice Chairman and Managing Director

DIN: 00066291

Shantilal T. Shah

Vice Chairman
DIN: 00004850

Place: Mumbai
Date: June 28, 2018

Chetan Gandhi

Chief Financial Officer

Raj Sarraf
Company Secretary

- Corporate Overview
- Statutory Reports
- Financial Statements

Annexure 'D'

Form No. MR - 3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2018 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

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

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

- (a) Petroleum Act, 1934, Rules, 1976
- (b) Drugs and Cosmetic Act, 1940 and Rules made thereunder
- (c) Fertilizer (Control) order 1985
- (d) The Explosive Act 1889 – Gas Cylinder Rules 1981
- (e) The Insecticides Act, 1968
- (f) Narcotic Drugs and Psychotropic Substances Act, 1985
- (g) The Indian Boilers Act, 1923 & The Indian Boilers Regulations 1950
- (h) The Chemical weapon convention Act 2000, and the Rules made thereunder
- (i) Air (Prevention and Control of Pollution) Act 1981
- (j) Water(Prevention and Control of Pollution) Act 1974
- (k) The Noise (Regulation and Control) Rules 2000
- (l) Environment Protection Act, 1986 and other environmental laws
- (m) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
- (n) Public Liability Insurance Act 1991
- (o) The States Shops and Establishments Act
- (p) Maternity Benefit Act, 1961 & Rules
- (q) Child Labour (P&R) Act, 1986 & Rules
- (r) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

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

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above., **except that out of total 2,57,466 equity shares in respect of which dividend was unpaid or unclaimed for the seven years required to be transferred to demat account(s) opened by Investor Education and Protection Fund Authority (IEPF) under relevant rules, 2,56,266 shares have got transferred with some delay on 05.12.2017 and 26.12.2017 and balance 1,200 shares were rejected by NSDL system and pending to be transferred to IEPF.**

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

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

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

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

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

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

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

CS Sunil M. Dedhia

Proprietor

Place: Mumbai

Date: June 28, 2018

FCS No: 3483 C.P. No. 2031

Appendix

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

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

Management's Responsibility

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

Auditor's Responsibility

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

Disclaimer

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

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

CS Sunil M. Dedhia

Proprietor

FCS No: 3483 C.P. No. 2031

Place: Mumbai
Date: June 28, 2018

Annexure 'E'

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

(A) CONSERVATION OF ENERGY-

(i) The Steps Taken or Impact on Conservation of Energy;

- The Company had been operating various captive Coal based Power plants, and Solar power plant. The synchronizing of power between captive power plant and state power grid has results into significant savings in the consumption of natural resources/fuel and also reduces the cost of Energy substantially.
- The company has recently commissioned the power plant by purchasing excess steam available at neighboring sister company there by saving the consumption of natural resources by optimizing its utilization.
- The company has commissioned SAC plant which runs on recovered steam for recovery of waste acids, thereby saving substantially on energy required to produce the same amount of product.
- The company has successfully completed the project of generation of low pressure steam from the waste heat available at the column overhead condenser thereby reducing consumption of natural resources
- The company has implemented the certain quick fix recommendation from Energy audit and was able to save certain amount of energy.

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

- The company is upgrading its technology thereby converting its batch nitration to continuous nitration, this will result in reduction in energy consumption.
- The company has raised proposal for VAM installation on recovered steam thereby saving in additional used of energy.
- The company has few projects in design stage that will enable them to debottleneck certain equipments and enhance productivity thereby saving in additional energy required to manufacture them.

iii) The Capital Investment On Environment & Greenfield Projects.

Your Company has invested about ₹ 47.70 Crores during FY 2017-18 into Environment & Greenfield Projects.

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts made towards Technology Absorption, Adaptation and Innovation:

- Forward Integration for downstream products and expansion also with in-house technology.
- Continuous endeavour to improve product quality and process yields
- Efforts are made to recover products from the effluents and reducing impurities in by products

b) Benefits derived as a result of above efforts:

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

c) Information regarding technology imported during the last 3 years: NIL

d) Expenditure incurred on research and development :

(₹ in Crores)

	2017-18	2016-17
a) Revenue	14.74	11.38
b) Capital	33.18	10.25
Total	47.92	21.63

(C) TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange Earnings and outgo were ₹ 1592.72 Crores and ₹ 630.53 Crores respectively (previous year ₹ 1,414.76 Crores and ₹ 555.84 Crores respectively).

For and on behalf of the Board

RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

Place : Mumbai
Date : June 28, 2018

Report on Corporate Governance

(1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Guided by its core values; Care, Integrity and Excellence, your Company is committed to the adoption and adherence to Corporate Governance Practices that ensure; adequate Transparency to take informed decision and building Trust for impactful collaboration. These Governance Practices help enhancement of long-term shareholders value and interest of other Stakeholders and also helps to align with our strategy of 'Growth with sustainability for a sustainable growth'. The Company is committed to maintain high standards of Corporate Governance to achieve business excellence and strengthen the confidence of all stakeholders.

The Board fully appreciates the need of increased awareness for responsibility, transparency and professionalism and focus for effective control and management of the Organisation. Our Board also believes that Corporate Governance is not an end, it is just beginning

towards growth of Company for long term prosperity. Continuous efforts taken towards strong governance practice have rewarded the Company in the sphere of stakeholders confidence, valuation, market capitalization and high credit rating.

(2) BOARD OF DIRECTORS

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

- (i) The 'Board' is constituted with appropriate combination of Executive Directors, Non-Executive Directors and Independent Directors, as per prevailing regulatory requirements. Board presently consists of 16 (Sixteen) members of whom 7 (Seven) are Executive, 1 (One) is Non-Executive and 8 (Eight) are Independent Directors; except Managing Directors and Independent Directors, the other Directors are liable to retire by rotation.

Name of Directors	Category	No. of other Directorship*	No. of Committee Membership in other Companies** (excluding Aarti Industries Limited)		No. of Board Meetings Attended	Attendance at last AGM held on September 27, 2017
			Chairman	Member		
Shri Rajendra V. Gogri	Promoter /Chairman and M.D.	1	1	None	5	Yes
Shri Rashesh C. Gogri	Vice-chairman and M.D.	3	None	2	6	Yes
Shri Shantilal T. Shah	Promoter/ Vice-chairman, Non-executive	3	None	None	5	Yes
Shri Parimal H. Desai	Promoter/Executive	1	None	None	6	Yes
Shri Manoj M. Chheda	Executive	1	None	None	4	Yes
Smt. Hetal Gogri Gala	Executive	1	None	None	6	Yes
Shri Kirit R. Mehta	Executive	3	None	None	4	Yes
Shri Renil R. Gogri	Executive	None	None	None	4	Yes
Shri Ramdas M. Gandhi	Independent Non-executive	3	3	2	6	Yes
Shri Laxmichand K. Jain	Independent Non-executive	None	None	None	6	No

Name of Directors	Category	No. of other Directorship*	No. of Committee Membership in other Companies** (excluding Aarti Industries Limited)		No. of Board Meetings Attended	Attendance at last AGM held on September 27, 2017
			Chairman	Member		
Shri Vijay H. Patil [#]	Independent Non-executive	None	None	None	2	No
Shri P. A. Sethi	Independent Non-executive	None	None	None	5	Yes
Shri K.V.S. Shyam Sunder	Independent Non-executive	2	1	1	6	Yes
Shri Bhavesh R. Vora	Independent Non-executive	1	None	2	6	Yes
Prof. Ganapati D. Yadav	Independent Non-executive	None	None	None	3	Yes
Smt. Priti P. Savla	Independent Non-executive	1	None	None	5	Yes
Shri Radheshyam S. Rohra ^{\$}	Independent Non-executive	1	None	None	1	N.A.

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

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

ceased to be director effective from September 27, 2017.

\$ Appointed as on December 21, 2018 by Board of Directors.

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

(ii) Appointment/ Reappointment during the year :

• Executive Directors :-

- The present term of Shri Rajendra V. Gogri expires on June 30, 2018, Based upon the recommendation of Nomination and Remuneration Committee followed by approval of the Board in its meeting held on August 11, 2017 and approval of the Shareholders in 34th Annual General Meeting, he has been re-appointed to continue as the Managing Director for the period of five years with effect from July 1, 2018.
- Shri Rashesh C. Gogri has been re-appointed as the Managing Director with effect from June 9, 2017 for the period of five years.

- Shri Renil R. Gogri has been re-appointed as the Whole time Director with effect from August 16, 2017 for the period of five years.

• Independent Directors :-

Terms and conditions of appointment of independent directors have been disclosed at the Companies website on the weblink <http://aarti-industries.com/investors/corporategovernance/>

- Shri Ramdas M. Gamdhi and Shri Laxmichand K. Jain have been re-appointed as an Independent Directors with effect from September 27, 2017.
- Shri Radheshyam S. Rohra has been appointed as an Additional Director in the category of Independent Director with effect from December 21, 2017.

(b) Board Meetings:

During the Year 2017-18, 6 (Six) Board Meetings were held on April 07, 2017, May 19, 2017, August 11, 2017, November 10, 2017, December 21, 2017 and February 3, 2018.

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

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

(d) Shares held by Non-executive Directors in the Company as on March 31, 2018

Name	Number of Shares held	% of Total Share-holding
Shri Shantilal T. Shah	1715294	2.11
Shri Ramdas M. Gandhi	9532	0.01
Shri Laxmichand K. Jain	16550	0.02
Prof. Ganpati D. Yadav	1200	0.00

(e) Code of Conduct:

The Code of Conduct laid down by the Board is applicable to all the Directors and Senior Management of the Company. The Code is posted on the Company's website on the web-link; http://www.aarti-industries.com./media/investors/corporate_governance/1523527263_Code_of_Conduct_Aarti_Industries_Very_final.pdf All the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2018. A declaration to this effect, duly signed by the Managing Director (CEO) is annexed hereto, also declaration with regards to compliance with the Code of Conduct have been received from all the Board Members and Senior Management Personnel.

(f) Independent Directors:

- Separate Meeting of Independent Directors:
During the year under review, the Independent Directors met on March 12, 2018 inter-alia:
 - To review the performance of all the Non-independent Directors and the Board of Directors as a whole;
 - To review the performance of the Chairperson taking into account the views of Executive Directors and Non-Executive Directors;
 - To assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board of Directors to effectively and reasonably perform their duties.

(g) Familiarisation Programme

Induction, orientation or familiarisation programmes are part of our culture and applicable to all layers of management and the Board Members, which are designed based upon the position / job requirements.

Details of familiarization programmes imparted to independent Directors are disclosed on the Company's website www.aarti-industries.com and the web link thereto is http://www.aarti-industries.com./media/investors/corporate_governance/1523528936_Familiarisation_Programmes_for_Independent_Dir_W8F2pK3.pdf

(3) AUDIT COMMITTEE:

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

(a) Composition of Audit Committee and meetings in 2017-18

Members	Category				
			I	II	III
		Date	19-May-17	10-Aug-17	09-Nov-17
		Venue	Mumbai	Mumbai	Mumbai
		Timing	11:30	14:30	14:30
Shri.Ramdas M. Gandhi	Independent Director	4	✓	✓	✓
Shri Rajendra V. Gogri	Promoter, Managing Director	4	✓	✓	✓
Shri Rashes C. Gogri	Managing Director	4	✓	✓	✓
Shri Parimal H. Desai	Promoter, Executive Director	4	✓	✓	✓

Members	Category		I	II	III	IV
		Date	19-May-17	10-Aug-17	09-Nov-17	31-Jan-18
		Venue	Mumbai	Mumbai	Mumbai	Mumbai
		Timing	11:30	14:30	14:30	14:30
Shri Vijay H. Patil#	Independent Director	1	N.A.	✓	N.A.	N.A.
Shri Laxmichand K. Jain	Independent Director	3	✓	✓	✓	-
Shri K.V.S. Shyam Sunder	Independent Director	4	✓	✓	✓	✓
Shri P. A. Sathi	Independent Director	3	✓	-	✓	✓
Shri Bhavesh R. Vora	Independent Director	4	✓	✓	✓	✓
Smt. Priti P. Savla [§]	Independent Director	N.A.	N.A.	N.A.	N.A.	N.A.

§ The committee has been reconstituted last on February 3, 2018 and inducted Smt. Priti P. Savla as member of the Audit Committee.

ceased to be director effective from September 27, 2017.

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

All the members of Audit Committee are financially literate and majority of them have accounting and financial management expertise. The Chairperson of the Audit Committee, Shri Ramdas M. Gandhi, attended the 34th Annual General Meeting held on September 27, 2017.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
- Management letters/ letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms if remuneration if the Chief Internal Auditor; and
- Statement of deviations.

(b) Terms of Reference :

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and those specified by the Board in writing. Besides having access to

all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required.

The Audit Committee acts in accordance with the terms of reference which, inter alia, include:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;
 - Matters required to be included in the 'Directors responsibility Statement'.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by Management
 - Significant adjustments made in the financial statements arising out of audit findings.

- Compliance with listed and other legal requirements relating to financial statement
 - Disclosure of any related party transaction
 - Qualifications/ modified opinion(s) in the draft audit report
- (v) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- (vi) Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the Company with related parties;
- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up thereon;
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (xviii) To review the functioning of the Whistle Blower Mechanism;
- (xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Carrying out any other function as is included in the terms of reference of the Audit Committee.

(4) NOMINATION AND REMUNERATION COMMITTEE

(a) Composition of NRC and its meetings in 2017-18

The composition of the Nomination and Remuneration Committee and its meetings in 2017-18 are given below:

Members	Category			
		Date	I 10-May-17	II 02-Nov-17
		Venue	Mumbai	Mumbai
		Timing	11:30	11:30
Shri Laxmichand K. Jain [§] Chairman (upto February 3, 2018)	Independent	2	✓	✓
Shri Ramdas M. Gandhi [§] Chairman (from February 3, 2018)	Independent	2	✓	✓
Shri Vijay H. Patil [#]	Independent	1	✓	N.A.
Shri P. A. Sethi [§]	Independent	N.A.	N.A.	N.A.
Shri K.V.S. Shyam Sunder [§]	Independent	N.A.	N.A.	N.A.
Shri Rajendra V. Gogri	Managing Director	2	✓	✓

ceased to be director effective from September 27, 2017.

§ The committee was reconstituted on February 3, 2018 and thereby Shri Ramdas M. Gandhi has been re-designated as the Chairman whereas Shri P. A. Sethi and Shri K. V. S. Shyam Sunder has been appointed as members and Shri Laxmichand K. Jain has been ceased to be member of the committee.

(b) Brief description of terms of reference:

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- (i) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (ii) To formulate the criteria for evaluation of Independent Directors and the Board;
- (iii) To devise a policy on Board diversity;
- (iv) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

(c) Performance evaluation criteria for Independent Directors

The criteria for performance evaluation covers area relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by entire Board of Directors without presence of the directors being evaluated.

(5) MANAGERIAL REMUNERATION

(a) Policy on Nomination and Remuneration:

Criteria and Qualification for Nomination & Appointment

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

Policy on Remuneration

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

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

Whole-time Directors

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

Non-executive Directors

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

Key Managerial Personnel and other senior employees

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

(b) Details of Remuneration to Directors

Non-executive Directors were paid sitting fees at the rate of ₹ 12,000/- for each of the meeting of the Board or Audit Committee thereof attended by them. Vide resolution passed in the meeting of Board of Directors held on May 19, 2017 the said sitting fees were increase to ₹ 22,000 for each of the meeting

effective from June 1, 2017. Also Non-Executive Directors are paid sitting fees at the rate of ₹ 4,000/- each for the meetings of other committee(s) attended by them.

(Amount in Lakhs)

Name of Director(s)	Salary	Other Perquisites	Commission	Sitting Fees	Total Remuneration
Shri Rajendra V. Gogri	58.57	14.00	243.44	-	316.01
Shri Rashesh C. Gogri	58.57	14.00	243.44	-	316.01
Shri Parimal H. Desai	50.84	12.18	46.37	-	109.39
Shri Manoj M. Chheda	50.84	12.18	46.37	-	109.39
Shri Kirit R. Mehta	34.28	8.32	-	-	42.60
Smt. Hetal Gogri Gala	50.84	12.18	231.85	-	294.87
Shri Renil R. Gogri	42.01	4.72	115.92	-	162.65
Shri Shantilal T. Shah	-	-	-	2.12	2.12
Shri Ramdas M. Gandhi	-	-	-	2.20	2.20
Shri Laxmichand K. Jain	-	-	-	1.98	1.98
Shri Vijay H. Patil	-	-	-	0.60	0.60
Shri P. A. Sethi	-	-	-	1.68	1.68
Shri K.V.S. Shyam Sunder	-	-	-	2.12	2.12
Shri Bhavesh R. Vora	-	-	-	2.12	2.12
Prof. Ganapati D. Yadav	-	-	-	0.78	0.78
Smt. Priti P. Savla	-	-	-	1.22	1.22
Shri Radheshyam S. Rohra	--	--	-	0.44	0.44
Total	345.95	77.58	927.39	15.26	1366.19

Notes:

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

(6) Stakeholders' Relationship Committee :

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

(a) Composition of Stakeholders Relationship Committee :

The composition of the Stakeholders' Relationship Committee and its meeting head in 2017-18 are given below:

Name of the Directors	Category	29-Sept-17 Mumbai 11:30
Shri Shantilal T. Shah (Chairman)	Promoter,Vice-Chairman, Non-executive	√
Shri Rajendra V. Gogri	Promoter,Chairman & Managing Director	√
Shri Manoj M. Chheda	Executive Director	√
Shri Kirit R. Mehta ^{\$} (Upto February 3, 2018)	Executive Director	√
Shri Rashesh C. Gogri ^{\$} (From February 3, 2018)	Executive Director	N.A.

^{\$} The committee was reconstituted on February 3, 2018 and thereby Shri Rashesh C. Gogri has been appointed as a member in place of Shri Kirit R. Mehta

(b) Terms of Reference

Brief Terms of Reference of the Committee inter-alia cover reviewing status of approval of transfer/transmission of shares, issue of duplicate certificates, non-receipt of annual report, non-receipt of declared dividends and specifically review/redressal of Investors' Grievances.

Shri Raj Sarraf, Company Secretary is designated as the 'Compliance Officer' with effect from November 16, 2017 who oversees the redressal of the investors' grievances.

(c) Shareholders' Complaints

During the year, 2 (Two) Complaints were received through SCORE portal of SEBI. All the Complaints were resolved to the satisfaction of the Shareholders as on the date of this report. No request for Share Transfer or Dematerialisation was pending for approval as on March 31, 2018.

(7) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

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

(a) Composition of CSR Committee:

The composition of the Corporate Social Responsibility Committee and its meetings held in 2017-18 are given below:

Name of the Directors	Category	12-Apr-17 Mumbai 12:30
Shri Laxmichand K. Jain [§] Chairman (upto February 3, 2018)	Independent, Non-executive	√
Shri Ramdas M. Gandhi [§] Chairman (from February 3, 2018)	Independent, Non-executive	N.A.
Smt. Hetal Gogri Gala	Executive	√
Shri Kirit R. Mehta	Executive	√

§ The committee was reconstituted on February 3, 2018 and thereby Shri Ramdas M. Gandhi has been appointed and designated as the Chairman in place of Shri Laxmichand K. Jain who ceased to be member of the committee.

(b) Terms of Reference

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

(8) GENERAL BODY MEETINGS:

(i) Details of last three Annual General Meetings are as under:

Financial Year	Day, Date & Time	Venue	Special Resolutions passed
2014-2015 (32 nd AGM)	Thursday, September 24, 2015, 11:30 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.	• Under Section 180(1)(c) of the Companies Act, 2013 to consent for borrowing funds upto ₹ 2,500 crores. • To approve the issue of Non-Convertible Debentures on Private placement upto ₹ 300 crores.
2015-2016 (33 rd AGM)	Friday, September 30, 2016, 11:00 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.	• Under Section 42 and 71 of Companies Act, 2013 to consent for issuing Secured/Unsecured Redeemable Non-Convertible Debentures on private placement basis, aggregating upto ₹ 300 Crores.

Financial Year	Day, Date & Time	Venue	Special Resolutions passed
2016-2017 (34 th AGM)	Wednesday, September 27, 2017, 11:00 a.m.	Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat	- Under Section 149 of Companies Act, 2013 to appoint Shri Ramdas M. Gandhi and Shri Laxmichand K. Jain as an Independent Directors for the period of 5 (five) years - Under Section 42 and 71 of Companies Act, 2013 to consent for issuing Secured/Unsecured Redeemable Non-Convertible Debentures on private placement basis, aggregating upto ₹ 300 Crores.

- (ii) During the year under review no special resolution has been passed through the exercise of Postal Ballot.
- (iii) No special resolution is proposed to be conducted through Postal Ballot at the forthcoming AGM.

(9) MEANS OF COMMUNICATION

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

These results and official news releases are also available on the website of the Company (www.aarti-industries.com). All data required to be filed electronically or otherwise pursuant to the Listing Regulations with the Stock Exchanges, such as annual report, quarterly financial statements, Shareholding pattern, report on Corporate Governance are being regularly filed with the Stock Exchanges, namely, National Stock Exchange of India Limited (www.nseindia.com) and BSE Ltd. (www.bseindia.com) and available on their websites as well.

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

(10) GENERAL SHAREHOLDERS INFORMATION

(i) The day, date, time & venue of the 35th Annual General Meeting:

Day	Date	Time	Venue
Friday	September 21, 2018	11:00 a.m.	Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi 396195, Dist. Valsad, Gujarat.

(ii) Tentative Financial Calendar:

Financial Year	April 1, 2018 to March 31, 2019
Adoption of Quarterly Results for the quarter ending :	
June, 2018	1st/2nd week of August, 2018
September, 2018	1st/2nd week of November, 2018
December, 2018	1st/2nd week of February, 2019
March, 2019	1st/2nd/3rd week of May, 2019

(iii) Dates of Book Closure (Both days inclusive)

September 14, 2018 to September 21, 2018

(iv) Date of Payment of Dividend

September 25, 2018

(v) Listing on Stock Exchanges:

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

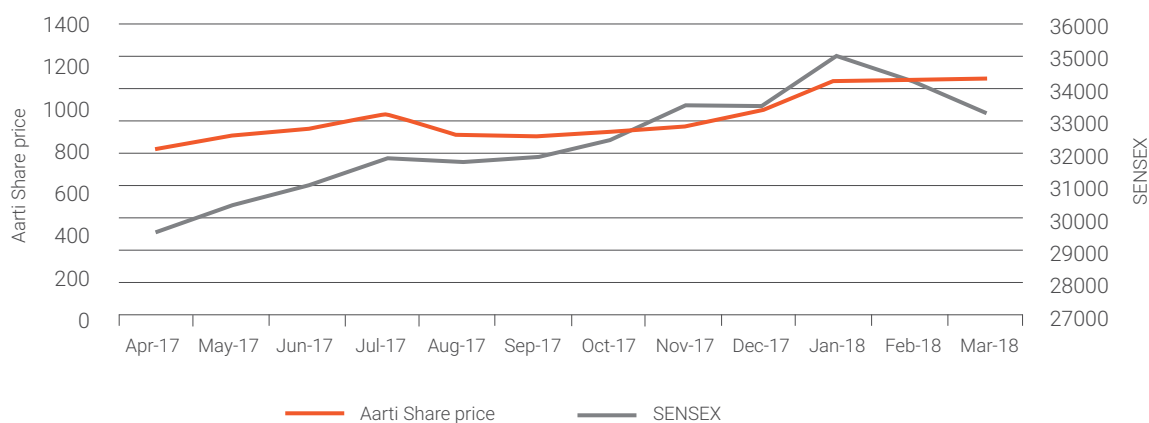
(vi) Listing fees and Annual Custodial Fee:

The Company has paid the Annual Listing Fees to the Stock Exchanges and Annual Custodial Fee to NSDL and CDSL for the year 2018-2019.

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

Month	BSE Ltd. (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2017	883.60	770.00	152778	884.00	768.10	1190633
May 2017	977.70	810.00	171442	977.95	810.00	1335079
June 2017	1024.95	862.25	269800	1039.70	859.70	2147619
July 2017	998.00	880.00	114253	999.00	898.75	833585
August 2017	982.00	821.95	87806	986.05	821.05	718110
September 2017	942.00	835.00	380009	944.90	835.00	1061369
October 2017	959.80	860.40	147000	959.95	865.00	795873
November 2017	954.95	851.00	81981	960.00	875.50	599393
December 2017	1162.80	875.00	279158	1166.00	875.00	2370517
January 2018	1175.40	1002.10	166217	1174.00	1000.00	1156316
February 2018	1190.90	1033.05	96541	1194.95	1033.00	899779
March 2018	1212.00	1044.00	3224747	1209.45	1041.00	974748

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



(ix) Registrar and Transfer Agents:

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

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

(x) Debt Securities – Debenture Trustee

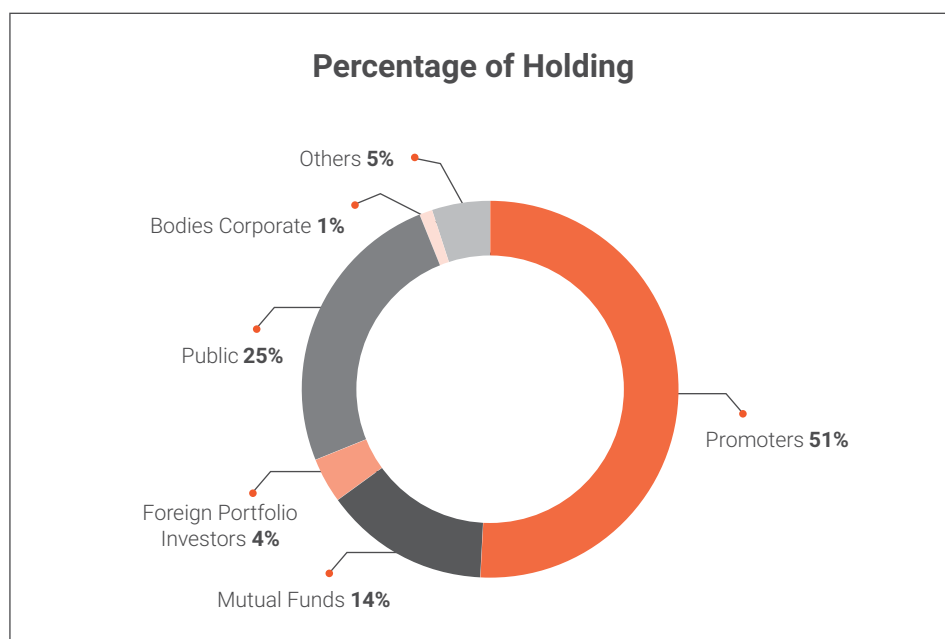
IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400 001
Ph:- +91 (22) 4080 7001 Fax: +91 (22) 6631 7776
e-mail: itsl@idbitrustee.com website: <http://www.idbitrustee.com>

(xi) Share Transfer System:

Share Transfer Committee comprising of Shri Rajendra V. Gogri, Shri Shantilal T. Shah, Shri Rashesh C. Gogri and Smt. Hetal Gogri Gala meets for approval of the transfer, dematerialisation, etc. Reports on Share Transfer/Transmission are placed before the Stakeholders' Relationship Committee and the Board from time to time.

(xii) Shareholding Pattern as on March 31, 2018

Category	No. of Shares	%
Promoters	41523816	51.07
Mutual Funds	11133341	13.69
Foreign Portfolio Investor	2960279	3.64
Public	20839122	25.63
Bodies Corporate	978420	1.20
Others	3865022	4.77
Total	81300000	100.00



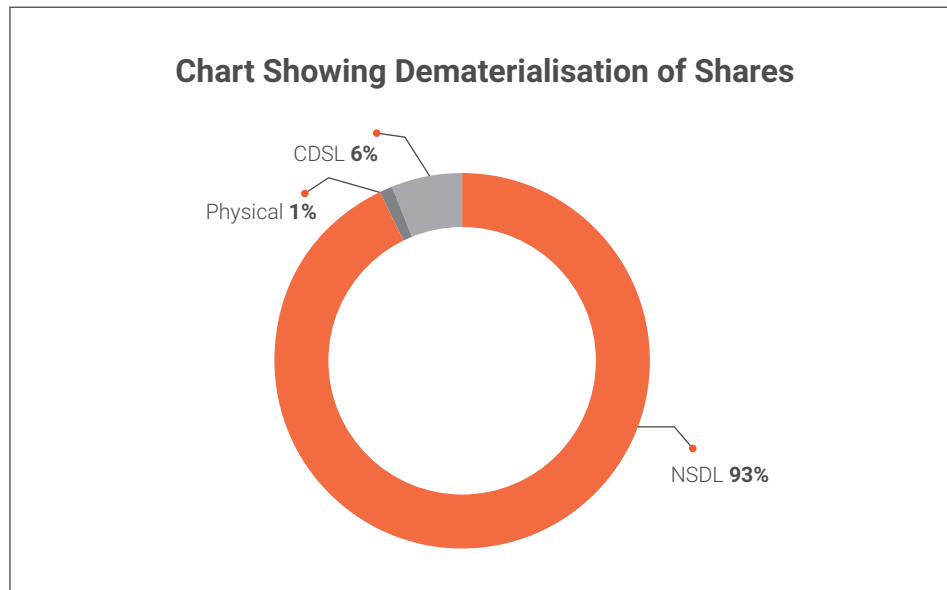
(xiii) Distribution of Shareholding as on March 31, 2018

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-500	20473	80.1699	1991263	2.4493
501-1000	2218	8.6854	1591863	1.9580
1001-2000	1704	6.6727	2265781	2.7869
2001-3000	302	1.1826	769253	0.9462
3001-4000	144	0.5639	504325	0.6203
4001-5000	114	0.4464	526167	0.6472
5001-10000	218	0.8537	1550590	1.9072
Above 10000	364	1.4254	72100758	88.6848
Total	25537	100.00	81300000	100.00

(xiv) Dematerialization of shares and liquidity:

98.63% of the Paid-up Capital is held in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited as on March 31, 2018 under ISIN No: INE769A01020.

	NSDL	CDSL	Physical	Total
Shares (nos.)	75194130	4994022	1111848	81300000
Shares (%)	92.49	6.14	1.37	100



(xv) 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.

(xvi) ADRs/GDRs/Warrants

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

(xvii) COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

During the year 2017, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 32 to the Annual Accounts.

(xviii) Plant Locations

- (a) Plot Nos. 801, 801/15 to 19, 21, 22 & 23, 802, 803, 804/1-2-3, 806 & 807, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.
- (b) Plot No. 902 & 923, GIDC Estate, Phase II, Vapi – 396 195, Dist. Valsad, Gujarat.
- (c) Plot No. 286/1, 285, GIDC Estate, Phase II, Vapi – 396 195, Dist. Valsad, Gujarat.
- (d) Plot No. 22/C/1 & 2, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat.
- (e) Plot Nos. 750-751, 2701, 2703 Sarigam Industrial Area, Sarigam, Tal. Umargaon, Dist. Valsad, Gujarat.
- (f) Plot Nos. 758/1-2-3, 756/2 A&B, 756/3 A&B, 756/4 A&B, 756/5 A&B, 756/6 A&B, 756/7, 778, 779, Jhagadia Mega Estate, Village Kapalsadi, Tal. Jhagadia, Dist. Bharuch – Gujarat.
- (g) Survey No. 126, 135 & 136, Jhagadia Dist. Bharuch, Gujarat.
- (h) Survey No. 1430/1, NH-8, Bhachau, Kutch, Gujarat.
- (i) Plot No. D-18, MIDC, Tarapur, Dist. Thane, Maharashtra.
- (j) Plot No. E-50, MIDC, Tarapur, Dist. Thane, Maharashtra.

- (k) Plot No. K - 17/18/19, MIDC, Tarapur, Dist. Thane, Maharashtra.
- (l) Plot No. L – 5, L – 8 & L – 9/1 and L – 10, MIDC, Tarapur, Dist. Thane, Maharashtra.
- (m) Plot No. K – 65, K – 67, MIDC, Tarapur, Dist. Thane, Maharashtra.
- (n) Survey No. 193/1/4, 193/1/5, 193/1/6, Silvassa, Union Territory of Silvassa.
- (o) Plot No. D – 54, 55, 56, 60, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra.
- (p) Plot Nos. 62, 63 & 64, Sagore, Pithampur Industrial Area, Sector-3, Pithampur, Dist. Dhar, Madhya Pradesh.
- (q) Plot No. Z/103/H, Dahej SEZ II, Tal. Vagara, Dist. Bharuch, Gujarat.

(xix) Address for Correspondence

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

(xx) R & D Centers

- (a) Plot No. 801, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.
- (b) Plot No. D-54, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra.
- (c) Plot No. 22/C/1, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat.
- (d) Plot No. A-94/1, MIDC, TTC Industrial Area, Trans Thane Creek Industrial Area, Village Limits of Khairane Taluka, Navi Mumbai 400 709.

(xxi) Compliance Officer:

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

In accordance with the Listing Regulations Company has specific Investor Grievance e-mail ID- investorrelations@aarti-industries.com

(xxii) Details with respect to Demat Suspense Account/Unclaimed Suspense Account as per Regulation 34(3) of Listing Regulations, 2015:

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity shares	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on April 1, 2017.	528	343188	-	-
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	23	12750	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year.	23	12750	-	-
Shares Transferred to IEPF A/c	331	191218	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2018	197	139220	-	-

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

(xxiii) CEO /CFO Certification

As required under Regulations 17(8) and 33(2)(a) of Securities and Exchange Board of India Listing Regulations Certificates duly signed by Shri Rajendra V. Gogri, CEO and Shri Chetan B. Gandhi, CFO were placed at the Meeting of the Board of Directors held on May 11, 2018.

during the last three years.

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

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

(11) DISCLOSURES

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

As required under Regulation 23(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy on dealing with related party transactions. The said policy is also available on the website of the Company. The weblink thereto is <http://aarti-industries.com/investors/corporategovernance/>

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

- (iv) The Company has complied with all the mandatory requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- (v) To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted on the website of the Company on the following web link; <http://aarti-industries.com/investors/corporategovernance/>

- (vi) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.
- (vii) With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct to Regulate, monitor and Report trading by insiders.

(12) DISCRETIONARY REQUIREMENTS

The status of compliance with discretionary requirements of Part E of schedule II of Listing Regulations with Stock Exchanges is provided below:

Sr. No.	Particulars	Remarks
1.	Non-executive Chairman's Office	The Company does not have Non-executive Chairman.
2.	Shareholders' Rights	As the quarterly and half-yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
3.	Audit Qualifications	The Company's financial statement for the year 2017-18 is unmodified.
4.	Separate posts of Chairman and CEO	The Company does not have separate post of Chairman and MD/CEO.
5.	Reporting of Internal Auditor	The Internal Auditor reports to Chairman & Managing Director and has direct access to the Audit Committee.

For and on Behalf of the Board

Place : Mumbai
Date : June 28, 2018

RAJENDRA V. GOGRI
Chairman and Managing Director

CEO's Certification

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

For and on Behalf of the Board

Place : Mumbai
Date : June 28, 2018

RAJENDRA V. GOGRI
Chairman and Managing Director

Auditor's Certificate on Corporate Governance

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, 2018, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations.

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

We have examined the books of account and the other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirement by the Company. 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 statement of the Company.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, in our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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 **Kirtane and Pandit LLP**,
Chartered Accountants
FRN: 105215W/W100057

Place: Mumbai
Date: June 28, 2018

Milind Bhawe
Partner
Membership No.: 047973

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L24110GJ1984PLC007301
2	Name of the Company	Aarti Industries Limited
3	Registered address	Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase - III, Vapi, Dist. Valsad, Gujarat - 396195
4	Website	www.aarti-industries.com
5	E-mail id	investorrelations@aarti-industries.com
6	Financial Year reported	April 1, 2017 to March 31, 2018
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Chemical 201 Pharma 210 Surfactant 202
8	List three key products/services that the Company manufactures / provides (as in balance sheet)	1. Para dichloro benzene 2. Ortho nitro aniline 3. Para nitro chloro benzene
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	17 Manufacturing Facilities
10	Markets served by the Company – Local / State / National / International	All: Local, State, National and International (mainly Americas, Europe, China, & Japan).

SECTION B: FINANCIAL DETAILS OF THE COMPANY (AS ON MARCH 31, 2018)

1	Paid up Capital	₹ 40.65 crores consisting of 8, 13, 00,000 nos. of Equity Shares of ₹ 5 each.
2	Total Turnover	₹ 3,699.31 crores
3	Total profit after taxes	₹ 316.44 crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	2%
5	List of activities in which expenditure in 4 above has been incurred:-	Please refer project wise summery under CSR report of Page No. 53

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	The Company has 9 subsidiary companies': • Aarti Corporate Services Limited • Aarti Polychem Limited • Arti Surfactants Limited • Ganesh Polychem Limited • Innovative Envirocare Jhagadia Limited • Alchemie (Europe) Limited • Aarti USA Inc. • Shanti Intermediates Private Limited • Nascent Chemical Industries Limited
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(s)	Business Responsibility initiatives of the parent Company are applicable to the subsidiary companies to the extent that they are material in relation to the business activities of the subsidiaries.
3	Do any other entity/entities (e.g. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No.

SECTION D: BR INFORMATION

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

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

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

Question	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Business Ethics	Product Responsibility	Employees Welfare	Stakeholders Engagement	Human Rights	Safety, Health & Environment,	Public Policy	CSR	Customer Centricity
1 Do you have a policy/ policies for...	Yes, Company's Code of Conduct sets out the principle & practices that must be observed toward Business Partner and Third Parties.								
2 Has the policy being formulated in consultation with the relevant stakeholders?	Yes, while formulating the policy documents - rights & obligations of concerned stakeholders are analysed in view of best Industry Practices.								
3 Does the policy conform to any national / international standards? If yes, specify?	Integrity, Transparency and Fairness are the cornerstones within the Company and the Aarti Group. Being Global Partner of Choice, the Company believes in benchmarking practices and global standards - to the best possible extent.								
4 Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective body [Board of Directors, its Committees and Company Management].								

Question	Policies / Guidelines on >								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Business Ethics	Product Responsibility	Employees Welfare	Stakeholders Engagement	Human Rights	Safety, Health & Environment	Public Policy	CSR	Customer Centricity
5 Does the company has a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Implementation mechanism of all the Policies & Codes is presented to and reviewed by the respective body periodically.								
6 Indicate the link for the policy to be viewed online?	http://www.aarti-industries.com/investors/corporategovernance/policies								
7 Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, requisite awareness programs are carried out and communicated to all the stakeholders, which help them understand behavioural expectation from them. In critical areas such as Safety, advance trainings and workshops with specific focus have been conducted time to time.								
8 Does the company have in-house structure to implement the policy/ policies?									
9 Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Company' Vigil Mechanism / Whistle Blower Policy are effective tool towards grievance redressal mechanism.								
10 Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	In addition to Statutory Audits, Certification Audits, a periodical internal assessment are part of our culture to oversee implementation of principles laid down.								

Principle 1: Ethics, Transparency and Accountability

Businesses should conduct and govern themselves with ethics, transparency and accountability

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

The Code applies to every employee, director and officer in the Company, suppliers, customers, contract staff, contractors and consultants who are agents of, or working on behalf of, or for the Company (through outsourcing of services, processes or any business activity), are required to act consistently with the CoC. The Company's Directors and Senior Management are required to abide by a separate CoC. Their affirmation to the CoC is communicated to all stakeholders by Managing Director, through a declaration in the Annual Report.

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

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

An effective vigil mechanism/whistle blower policy is in place to report to the management instances on unethical behavior and any violation of the Company's code of conduct. The Company has instituted a Committee to redress complaints received regarding sexual harassment. No complaint was received in 2017-18.

Principle 2: Sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

It is very important for the Company to combine economic success with acting sustainably and responsibly towards its

customers and suppliers as well as the environment and its employees. During the product development process, the Company ensures that the manufacturing processes and technologies required to produce it are resource efficient and sustainable, there are systems in place that help identify risks and plans to mitigate each risk. All units have implemented QMS ISO 9001-2008.

The Company partners with the customer at the product development stage itself, discussions focus around quality, packaging, H&S, and environmental parameters like resource efficiencies. Improvement in product quality reduces waste generation at the customer's end, at each stage samples are tested at the customer's end, this helps to minimize negative impacts and improve quality.

- **Product labelling**

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

- **Sustainable sourcing**

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

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

Principle 3: Welfare of Employees

Businesses should promote the well being of all employees

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

Every person is entitled to fair and respectful treatment. The Company is committed to a diverse working environment, in which each person's uniqueness is recognized and every

individual is treated with courtesy, honesty and dignity. Harassment, bullying or intimidation is not tolerated.

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

Principle 4: Stakeholders' Engagement

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

The Company deals with all those it comes in contact with fairness and integrity. The Company acknowledges its responsibility towards its stakeholders and is committed to engaging with all concerned stakeholders who are directly or indirectly affected by the business processes and decisions. The Company endeavours to understand their concerns, defines purpose and scope of engagement, commits to engaging with them and resolves differences with stakeholders in a just, fair and equitable manner

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

Principle 5: Human Rights

Businesses should respect and promote human rights

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

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

Principle 6: Environment, Health and Safety

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

Environmental protection and work safety is a fundamental part of our management principles. We aim to ensure the continued existence and success of our Company by establishing and maintaining a safe working environment that promotes the health and performance of our employees as well as taking active measures to protect the environment.

The protection of people and the environment against waste, waste water and exhaust gases resulting from industrial production processes and the operating business occurring before, during or up to the completion of transportation, disposal and recycling is a corporate responsibility. To ensure that this responsibility is met, the Company has implemented systems that ensure the safety, control and measurability of all activities occurring in the areas of transportation, disposal and recycling, which could potentially have negative effects on human health and the environment.

The Company is committed to continue complying with all environmental regulations and standards applicable to its operations, and using environmentally conscious practices at all its locations. Environmental pollution is to be minimized and environmental protection will be continuously improved.

We actively use a global work safety and environmental management system that is undergoing continual improvement. We implement forward-looking concepts in collaboration with our contractual partners.

We carry out regular checks across all areas to determine the extent to which these measures have been implemented and to monitor the success of our management system.

The Company practices the motto of 'safety first' in all our operations. In doing so, the Company maintains detailed, up-to-date programs covering Safety, Health, Hazards communication, and Emergency Preparedness. The Company is actively committed to the continuous improvement of the standards of Safety and Health in the workplace. Full time safety supervisors ensure that all onsite work is carried out in a safe manner, in full compliance with clients' safety as well as local and national regulations.

All the procedures are available in place for safety & hygiene, also trainings conducted on regular basis for safety & hygiene. Further the company provides periodic medical check ups to ensure the health of employees. Safety trainings included Safety Induction, First Aid, Emergency Preparedness, Material Handling, PPE, ERT and Fire Prevention. Shop floor trainings included SOPs and Daily Tool Box Talks.

Principle 7: Policy Advocacy

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

The membership aspires to identify opportunities to bolster domestic manufacturing, fostering innovation, enhancing skill

development, protecting intellectual property and building best in class manufacturing infrastructure in the country.

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

- Chemicals Exports council (CHEMEXIL)
- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of commerce and Industry (FICCI)
- Indian Merchants Chamber (IMC)
- Bombay Chamber of Commerce

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

Principle 8: Inclusive Growth and Equitable Development

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

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

Principle 9: Customer Centricity

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

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

For and on behalf of the Board

Place: Mumbai
Date: June 28, 2018

Rajendra V Gogri
Chairman & Managing Director

Financial Statements

Standalone

Consolidated

Independent Auditor's Report

**To the Members of
Aarti Industries Limited**

Report on the Standalone Financial Statements

1. We have audited the accompanying Standalone Financial Statements of **Aarti Industries Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the

provisions of the Act and the Rules made there under and the Order issued under Section 143(11) of the Act. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Financial Statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone 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 financial control relevant to the Company's preparation of the Standalone Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Financial Statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, of the profit, total comprehensive income, its cash flows and the changes in the equity for the year ended March 31, 2018;

Report on Other Legal and Regulatory Requirements

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

8. As required by Section 143(3) of the Act, we further report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid Standalone Financial Statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015;
 - e) on the basis of written representations received from the Directors as on March 31, 2018, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act;
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended:
 - (i) The Company has disclosed the impact of pending litigation on its financial position in its Standalone Financial Statements. Refer Note 24 to the Standalone Financial Statements.
 - (ii) The Company has made provision, as required under the applicable law or accounting standards see material foreseeable losses, if any, on long term contracts including derivative contracts;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education Fund and Protection Fund by the Company.

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

Milind Bhawe
 Partner

Place: Mumbai
 Date: May 11, 2018

Membership No.: 047973

Annexure A to the Auditor's Report –

March 31, 2018

Annexure A referred to in paragraph 7 of our Report of even date to the members of Aarti Industries Limited on the accounts of the company for the year ended March 31, 2018.

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

- (i) (a) The Company is generally maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) The Company has phased programme of physical verification Property, Plant and Equipment by which all Property, Plant and Equipment are verified over a period of three years. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and nature of assets. As informed to us, there were no material discrepancies were noticed on such physical verification;
- (c) According to the information and explanation given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties other than self-constructed immovable property (buildings) are held in the name of the Company.
- (ii) The Management has been conducted physical verification of the inventories at reasonable intervals, except inventories lying at third parties, confirmation of such stocks has been obtained. No major discrepancies were found in the physical verification. All minor discrepancies have been properly dealt with in books of accounts.
- (iii) According to the information and explanations given to us, the Company had granted unsecured loan to its one wholly owned subsidiary in the register maintained under Section 189 of the Act,
 - (a) In our opinion, terms and conditions of such loan was not prejudicial to the interest of the Company.
 - (b) The schedule of principal amount and interest has been stipulated and it is regular.
 - (c) There is no overdue amount in respect of such loan granted.
- (iv) In our opinion and according to the information and explanations given to us, Company have been complied with provision of Section 185 and 186 of the Act, in respect of loans, investments, guarantees and security.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- (vi) The Company has maintained cost records as required under sub-Section (1) of Section 148 of the Act. We have not carried out any detailed examination of such records.
- (vii) According to the information and explanations given to us and based on the records of the company examined by us,
 - (a) The company has generally been regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Excise Duty, Custom Duty and other material statutory dues, as applicable, with the appropriate authorities in India ;

According to the information and explanation given to us, no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Excise Duty, Custom Duty and other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they become payable.

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

Name of the Statute	Amount in ₹	Period for which it relates	Forum where dispute is pending
The Central Excise Act, 1944, Custom Duty, Service Tax, Interest & Penalty	31.84 Crs	FY 2001-02 to FY 2014-15	Commissionerate
	39.63 Crs		Appellate Authorities and Tribunals
Income Tax Act, 1961 and Interest & Penalty	12.77 Crs	FY 2008-09 to FY 2013-14	Commissionerate
	5.19 Crs		Appellate Authorities and Tribunals
Total	89.44 Crs		

(viii) In our opinion and according to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, monies raised by way of debt instruments and the term loans during the year have been applied by the Company for the purposes of which they are raised. Company does not raise money by way of initial public offer or further public offer and term loans, other than for what it was purposes.

(x) In our opinion and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of to the Act.

(xii) The nature of business is not related to Nidhi Company; hence, this clause is not applicable.

(xiii) In our opinion, and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in compliances with the Section 177 & 188 of the Companies Act, 2013 and details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.

(xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) In our opinion and according to the information and explanations given to us, during the year, the company has not entered into any non-cash transactions with directors or persons connected with him.

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

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

Milind Bhawe

Partner

Membership No.: 047973

Place: Mumbai
Date: May 11, 2018

Annexure B to the Auditor's Report –

March 31, 2018

Annexure B referred to in paragraph (f) under “Report on Other Legal and Regulatory Requirements” Section of our Report to the members of Aarti Industries Limited of even date

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

We have audited the internal financial controls over financial reporting of Aarti Industries Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Mumbai
 Date: May 11, 2018

Milind Bhawe
 Partner
 Membership No.: 047973

Balance Sheet

as at 31st March, 2018

(₹ in Crs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1	1,842.98	1,564.87
Capital Work-in-Progress	1	431.18	266.79
Intangible Assets	1	1.30	1.70
Financial Assets			
Investments	2	55.90	61.70
Other Non-Current Assets	3	217.01	167.26
Total Non-Current Assets		2,548.37	2,062.32
Current Assets			
Inventories	4	686.75	546.59
Financial Assets			
Trade Receivables	5	639.23	547.37
Cash and Cash Equivalents	6	23.93	21.64
Others Current Financial Assets	7	194.76	142.46
Other Current Assets	8	24.46	20.51
Total Current Assets		1,569.13	1,278.57
TOTAL ASSETS		4,117.50	3,340.89
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	9	40.65	41.06
Other Equity	10	1,474.52	1,269.03
Total Equity		1,515.17	1,310.09
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	11	897.43	595.60
Deferred Tax Liabilities (Net)	12	159.36	141.96
Total Non-Current Liabilities		1,056.79	737.56
Current Liabilities			
Financial Liabilities			
Borrowings	13	986.83	822.34
Trade Payables		346.60	294.87
Other Current Liabilities	14	184.62	152.25
Provisions	15	27.49	23.78
Total Current Liabilities		1,545.54	1,293.24
Total Liabilities		2,602.33	2,030.80
TOTAL EQUITY AND LIABILITIES		4,117.50	3,340.89
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1-37		

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

For and on behalf of the Board

Milind Bhawe
Partner
M. No.: 047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Place: Mumbai
Date: May 11, 2018

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Statement of Profit and Loss

for the year ended 31st March, 2018

(₹ in Crs)

Particulars	Note No.	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
REVENUE			
Revenue from Operations	16	3,699.31	3,050.22
Other Income	17	2.13	2.51
Total Revenue		3,701.44	3,052.73
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	18	2,115.79	1,626.00
Purchases of Stock-in-Trade		102.90	104.23
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	19	(69.74)	(30.07)
Employee Benefits Expense	20	176.80	140.17
Finance Costs	21	130.74	117.38
Depreciation and Amortisation Expenses	1	135.77	114.80
Other Expenses	22	716.83	601.48
Total Expenses		3,309.09	2,673.99
PROFIT BEFORE TAX		392.35	378.74
TAX EXPENSES			
Current Year Tax		79.00	74.50
Earlier Year Tax		NIL	0.21
MAT Credit Entitlement		(20.50)	(25.15)
Deferred Tax		17.41	22.50
Total Tax Expenses		75.91	72.06
PROFIT AFTER TAX		316.44	306.68
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of Investments		(3.09)	5.72
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		313.35	312.40
Earnings Per Equity Share (EPS) (in ₹)	23		
Basic/Diluted		38.92	37.35
Significant Accounting Policies			
See Accompanying Notes to the Financial Statements	1-37		

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

For and on behalf of the Board

Milind Bhawe
Partner
M. No.: 047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Place: Mumbai
Date: May 11, 2018

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Cash Flow Statement

for the year ended 31st March, 2018

(₹ in Crs)

Sr. Particulars No.	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
A. Cash Flow from Operating Activities:		
Net Profit before Tax and Exceptional/Extraordinary Items	392.35	378.74
Adjustments for:		
Finance Costs	130.74	117.38
Depreciation	135.77	114.80
Loss on Sale of Assets	0.39	NIL
	659.25	610.92
Profit on Sale of Assets/Investment	(0.39)	(0.79)
Dividend Received	(1.27)	(0.61)
Lease Rent Received	(0.26)	(0.26)
Operating Profit before Working Capital Changes	657.33	609.26
Adjustments for:		
Increase/(Decrease) in Trade and Other Receivables	(162.64)	(34.37)
Increase/(Decrease) in Trade Payables and Other Current Liabilities	52.91	(4.45)
Increase/(Decrease) in Inventories	(140.16)	(72.35)
Cash Generated from Operations	407.44	498.09
Direct Taxes Paid	(95.39)	(87.28)
Net Cash Flow from Operating Activities (A)	312.05	410.81
B. Cash Flow from Investing Activities:		
Addition to Property, Plant & Equipment/Capital WIP	(578.57)	(471.84)
Sale/Written off of Property, Plant & Equipment	0.45	0.32
(Increase)/Decrease in Other Investments	0.50	0.62
(Increase)/Decrease in Investments in Subsidiary Companies	2.50	NIL
Dividend Received from Other Investments	0.06	NIL
Dividend Received from Subsidiary Companies	1.21	0.61
Lease Rent Received	0.26	0.26
Net Cash Flow from Investing Activities (B)	(573.59)	(470.03)
C. Cash Flow from Financing Activities:		
Proceeds of Long-Term Borrowings	468.53	200.04
Repayment of Long-Term Borrowings	(131.80)	(60.44)
Proceeds/(Repayment) of Other Borrowings	164.50	130.48
Finance Costs	(130.74)	(117.38)
Reduction in Equity due to Buy-back	(98.45)	(96.00)
Dividend Paid	(8.21)	NIL
Net Cash Flow from Financing Activities (C)	263.83	56.70
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	2.29	(2.52)
Cash and Cash Equivalents (Opening Balance)	21.64	24.16
Cash and Cash Equivalents (Closing Balance)	23.93	21.64
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 **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhawe
Partner
M. No.: 047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Place: Mumbai
Date: May 11, 2018

Chetan Gandhi
Chief Financial Officer
Raj Sarraf
Company Secretary

Statement of Changes in Equity

for the year ended 31st March, 2018

A. EQUITY SHARE CAPITAL

(₹ in Crs)

As at 1st April, 2016	41.66
Changes in equity share capital during the year 2016-17	(0.60)
As at 31st March, 2017	41.06
Changes in equity share capital during the year 2017-18	(0.41)
As at 31st March, 2018	40.65

B. OTHER EQUITY

(₹ in Crs)

Particulars	Other Equity								Other Comprehensive Income	Total Other Equity
	Reserves and Surplus									
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Debenture Redemption Reserve	General Reserve	State Investment Subsidy	Forfeiture Reserve	Retained Earnings		
Balance as at 1st April, 2016	9.05	0.55	21.99	60.00	168.69	0.52	1.85	765.79	23.59	1052.03
Transfer to/(from) Other Reserves	0.52	-	-	-	-	(0.52)	-	-	-	NIL
Upon Buy-back of Shares	-	0.60	(21.99)	-	(74.01)	-	-	-	-	(95.40)
Transfer to Other Reserves from Retained Earnings	-	-	-	30.00	31.00	-	-	(61.00)	-	NIL
Profit for the Period	-	-	-	-	-	-	-	306.68	-	306.68
Other Comprehensive Income	-	-	-	-	-	-	-	-	5.72	5.72
Balance as at 31st March, 2017	9.57	1.15	NIL	90.00	125.68	NIL	1.85	1011.47	29.31	1269.03
Upon Buy-back of Shares	-	0.41	-	-	(98.44)	-	-	-	-	(98.03)
Dividend Paid	-	-	-	-	-	-	-	(8.21)	-	(8.21)
Tax on Dividend	-	-	-	-	-	-	-	(1.67)	-	(1.67)
Transfer to Other Reserves from Retained Earnings	-	-	-	30.00	32.00	-	-	(62.00)	-	NIL
Other Adjustments	-	-	-	-	-	-	-	0.06	-	0.06
Profit for the Period	-	-	-	-	-	-	-	316.44	-	316.44
Other Comprehensive Income	-	-	-	-	-	-	-	-	(3.09)	(3.09)
Balance as at 31st March, 2018	9.57	1.56	NIL	120.00	59.24	NIL	1.85	1256.09	26.21	1474.52

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

For and on behalf of the Board

Milind Bhawe
Partner
M. No.: 047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Place: Mumbai
Date: May 11, 2018

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Corporate Information and Significant Accounting Policies

Corporate Information

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

The Company is engaged in manufacturing and dealing in Speciality Chemicals, Pharmaceuticals and Home & Personal Care intermediates.

Significant Accounting Policies

(a) Basis of Preparation and Presentation:

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

(b) Revenue Recognition:

- (i) Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Conversion, Sale of Scrap and obsolete stores is accounted for at the time of disposal.
- (ii) Export entitlements are recognized on realization.
- (iii) Revenue in respect of Interest, Insurance claims are recognized on the time proportion method.
- (iv) Subsidy from Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/announced by the Government of India.

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

(1) Property, Plant and Equipment (PPE):

Property, Plant & Equipment are stated at cost of acquisition (net of recoverable taxes) inclusive of all expenditure of capital nature such as inward freight, duties & taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

(2) Intangible Asset:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable

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

(3) Depreciation/Amortization:

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

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

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

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

(d) Research and Development:

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Development is included as part of Property, Plant & Equipment and depreciation is provided on the same basis as for other Property, Plant & Equipment.

(e) Investments:

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

(f) Valuation of Inventories:

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

Inventories have been valued on the following basis:

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

(g) Retirement Benefits:

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

(h) Foreign Currency Transactions:

Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are appropriately dealt in the financial statements in accordance with the applicables accounting standards.

(i) Operating Lease:

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

(j) Deferred Revenue Expenditure:

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

(k) Income Taxes:

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred Tax reflects the impact of timing differences between Taxable Income and Accounting Income for the year and reversal of timing differences of earlier years. Deferred Tax is measured on the basis of Tax Rates and Tax Laws enacted or substantively enacted at the Balance Sheet. Deferred Tax Assets are recognized only if there is reasonable certainty of their realization except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognized only if there is virtual certainty of their realization.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date.

(l) Borrowing Costs:

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

(m) Provisions and Contingent Liabilities:

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

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

(n) Cash and Cash Equivalents:

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

1. PROPERTY, PLANT AND EQUIPMENT:

(₹ in Crs)

F.Y. 2017-18		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2017	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2018	Balance as at 1st April, 2017	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2018	Balance as at 31st March, 2018	Balance as at 31st March, 2017	
(i) Tangible Assets											
Free hold Land	3.57	-	-	3.57	0.26	-	-	0.26	3.31	3.31	
Lease Hold Land	99.27	33.27	-	132.54	3.28	2.20	-	5.48	127.06	95.99	
Buildings	212.65	43.90	-	256.55	51.94	12.12	-	64.06	192.49	160.71	
Plant and Equipment	2,043.86	296.61	1.03	2,339.44	772.11	114.61	0.37	886.35	1,453.10	1,271.75	
R & D Assets	33.32	33.19	-	66.51	11.91	2.97	-	14.88	51.63	21.41	
Furniture and Fixtures	24.98	5.33	-	30.31	17.73	2.36	-	20.09	10.22	7.25	
Vehicles	18.57	1.89	0.32	20.14	14.12	1.12	0.27	14.97	5.17	4.45	
Total (i)	2,436.22	414.19	1.35	2,849.06	871.35	135.38	0.64	1,006.09	1,842.98	1,564.87	
(ii) Intangible Assets											
Process Development	21.96	-	-	21.96	20.26	0.40	-	20.66	1.30	1.70	
Technical Knowhow	0.08	-	-	0.08	0.08	-	-	0.08	NIL	NIL	
Goodwill	6.16	-	-	6.16	6.16	-	-	6.16	NIL	NIL	
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL	
Copyrights and Patents	9.65	-	-	9.65	9.65	-	-	9.65	NIL	NIL	
Total (ii)	38.23	-	-	38.23	36.53	0.40	-	36.93	1.30	1.70	
TOTAL (i+ii)	2,474.45	414.19	1.35	2,887.29	907.88	135.78	0.64	1,043.02	1,844.28	1,566.57	
(iii) Capital Work-in-Progress									431.18	266.79	

(₹ in Crs)

F.Y. 2016-17	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1st April, 2016	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2017	Balance as at 1st April, 2016	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2017	Balance as at 31st March, 2017	Balance as at 31st March, 2016
(i) Tangible Assets										
Free hold Land	3.57	NIL	NIL	3.57	0.26	NIL	NIL	0.26	3.31	3.31
Lease Hold Land	37.60	61.67	NIL	99.27	2.88	0.40	NIL	3.28	95.99	34.72
Buildings	156.82	55.83	NIL	212.65	42.27	9.67	NIL	51.94	160.71	114.55
Plant and Equipment	1,668.05	376.09	0.28	2,043.86	673.91	98.40	0.20	772.11	1,271.75	994.14
R & D Assets	23.07	10.25	NIL	33.32	9.34	2.57	NIL	11.91	21.41	13.73
Furniture and Fixtures	20.35	4.63	NIL	24.98	15.80	1.93	NIL	17.73	7.25	4.55
Vehicles	17.43	1.33	0.19	18.57	12.73	1.52	0.13	14.12	4.45	4.70
Total (i)	1,926.89	509.80	0.47	2,436.22	757.19	114.49	0.33	871.35	1,564.87	1,169.70
(ii) Intangible Assets										
Process Development	19.96	2.00	NIL	21.96	19.96	0.30	NIL	20.26	1.70	NIL
Technical Knowhow	0.08	NIL	NIL	0.08	0.08	NIL	NIL	0.08	NIL	NIL
Goodwill	6.16	NIL	NIL	6.16	6.16	NIL	NIL	6.16	NIL	NIL
Computer Software	0.38	NIL	NIL	0.38	0.38	NIL	NIL	0.38	NIL	NIL
Copyrights and Patents	9.65	NIL	NIL	9.65	9.65	NIL	NIL	9.65	NIL	NIL
Total (ii)	36.23	2.00	NIL	38.23	36.23	0.30	NIL	36.53	1.70	NIL
TOTAL (i+ii)	1,963.12	511.80	0.47	2,474.45	793.42	114.79	0.33	907.88	1,566.57	1,169.70
(iii) Capital Work-in-Progress										
									266.79	306.76

- 1.1 Gross Block of Plant & Equipment includes assets given on Lease with Gross Block ₹ 1.15 Crs (previous year ₹ 1.15 Crs)
- 1.2 Additions to Gross Block includes an amount of ₹ 10.03 Crs (previous year ₹ 5.16 Crs) being the net foreign exchange loss, arising on account of restatement and repayments of Long-term Foreign Currency Loans during the year.

2. NON-CURRENT INVESTMENTS:

(₹ in Crs)

Name of the Company	No. of Shares/ Units	As at 31st March, 2018	No. of Shares/ Units	As at 31st March, 2017
Trade Investments - (Quoted) in Equity Shares				
Aarti Drugs Limited	491,790	24.88	491,790	28.32
		24.88		28.32
Investments - (Unquoted) in Equity Shares of Subsidiary Companies				
Aarti Corporate Services Limited	2,024,680	1.73	2,024,680	1.73
Alchemie (Europe) Limited	80,000	0.54	80,000	0.54
Innovative Envirocare Jhagadia Limited	350,000	0.35	350,000	0.35
Aarti USA Inc.	10,000,000	0.66	10,000,000	0.66
Aarti Polychem Private. Limited	1,500	0.00	NIL	NIL
Ganesh Polychem Limited	3,098,257	12.61	3,098,257	12.61
		15.89		15.89
Investments - (Unquoted) in Equity Shares of Other Companies				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	61	0.01	61	0.01
Narmada Clean Tech Limited	287,550	0.13	287,550	0.13
Dilesh Roadlines Private Limited	464,550	1.77	464,550	1.43
Indusken Pharmaceuticals Private Limited	NIL	NIL	200,000	0.20
U.K.I.P. Co-Op. Society Limited	35	0.00	35	0.00
Perfect Enviro Control Systems Limited	36,800	0.02	36,800	0.02
Aarti Ventures Limited	190,000	0.16	190,000	0.16
Tarapur Environment Protection Society	7,188	0.62	7,188	0.62
Derma Touch Inc.	125,000	1.34	125,000	1.34
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		4.06		3.92
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.80	NA	3.80
		3.80		3.80
Investments - (Unquoted) in Unsecured Convertible Debentures				
Aarti Corporate Services Limited	NIL	NIL	250,000	2.50
Aarti Ventures Limited	727,000	7.27	727,000	7.27
		7.27		9.77
TOTAL		55.90		61.70

3. OTHER NON-CURRENT ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital Advances	52.06	39.46
Other Deposits	31.20	29.27
Advance Tax and Tax Deducted at Source (Net of Provisions)	133.75	98.53
TOTAL	217.01	167.26

4. INVENTORIES:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Raw Materials and Components (incl In-transit stock)	238.32	186.91
Work-in-progress	191.18	156.90
Finished Goods (incl In-transit stock)	204.68	119.32
Stock-in-trade	1.11	51.01
Stores and spares	19.16	12.94
Fuel (incl In-transit stock)	28.64	14.54
Packing Materials	3.66	4.97
TOTAL	686.75	546.59

4.1. IN-TRANSIT INVENTORIES:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Raw Materials	41.26	21.85
Finished Goods	45.13	38.89
Fuel	22.51	11.57
TOTAL	108.90	72.31

5. TRADE RECEIVABLES:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good (Net of Advances)		
For more than a period exceeding six months	29.76	29.76
Others	609.47	517.61
TOTAL	639.23	547.37

6. CASH AND CASH EQUIVALENTS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash on hand	0.48	0.54
Bank balance in Current Accounts	17.00	12.63
Bank deposits kept as Margin Money	4.46	6.38
Earmarked Balances (Unpaid Dividend Accounts)	1.99	2.08
TOTAL	23.93	21.64

7. OTHER CURRENT FINANCIAL ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balances with Customs, Port Trust, Central Excise, Sales Tax and Goods & Services Tax Authorities	185.60	119.90
Loans & Advances:		
(i) Employees	7.14	6.44
(ii) Others	1.97	14.09
(iii) Related Parties	0.05	2.03
TOTAL	194.76	142.46

8. OTHER CURRENT ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Others Receivables	0.45	4.18
Prepaid Expenses	12.23	5.47
Subsidy Receivable	7.99	6.61
Insurance Claim Receivable	3.79	4.25
TOTAL	24.46	20.51

9. EQUITY SHARE CAPITAL:

(₹ in Crs)

Particulars	No. of Shares	As at 31st March, 2018	No. of Shares	As at 31st March, 2017
Authorised Share Capital				
Equity Shares of ₹ 5/- each	230,150,320	115.08	230,150,320	115.08
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	81,300,000	40.65	82,120,383	41.06
TOTAL		40.65		41.06

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2018:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Equity Shares at the beginning of the year	82,120,383	83,320,383
Add: Shares issued during the year	NIL	NIL
Less: Shares buy-back during the year	820,383	1,200,000
Equity Shares at the end of the year	81,300,000	82,120,383

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Limited	6,530,886	8.03	6,267,393	7.63
Rashesh Chandrakant Gogri	5,334,404	6.56	4,797,248	5.84
Chandrakant Vallabhaji Gogri	3,943,934	4.85	7,404,834	9.02

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

Particulars	Financial Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
No. of Equity Shares outstanding (Refer Note No. 9.4)	81,300,000	82,120,383	83,320,383	88,591,687	88,591,687

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

- [a] During the year 2017-18, 820,383 Shares were brought back at a premium of ₹ 1,195/-.
- [b] During the year 2016-17, 1,200,000 Shares were brought back at a premium of ₹ 795/-.
- [c] During the year 2015-16, 5,271,304 Shares of the Company had been cancelled, on the net basis, pursuant to the Scheme of Amlagmation of Anushakti Chemicals & Drugs Limited, Anushakti Holdings Limited, Gogri and Sons Investments Private Limited and Alchemie Leasing & Financing Private Limited into the Company.

10. OTHER EQUITY:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
a. Capital Reserves		
Opening Balance	9.57	9.05
Addition: Trf. From State Investment Subsidy	NIL	0.52
Deduction	NIL	NIL
Closing Balance	9.57	9.57
b. Capital Redemption Reserve		
Opening Balance	1.15	0.55
Addition: upon Buy-back of Shares	0.41	0.60
Deduction	NIL	NIL
Closing Balance	1.56	1.15
c. Securities Premium Account		
Opening Balance	NIL	21.99
Addition	NIL	NIL
Deduction: upon Buy-back of Shares	NIL	21.99
Closing Balance	NIL	NIL
d. Debenture Redemption Reserve		
Opening Balance	90.00	60.00
Addition: Transferred from Profit & Loss Account	30.00	30.00
Deduction	NIL	NIL
Closing Balance	120.00	90.00
e. General Reserve		
Opening Balance	125.68	168.69
Addition: Transferred from Profit & Loss Account	32.00	31.00
Deduction: upon Buy-back of Shares	98.44	74.01
Closing Balance	59.24	125.68
f. Profit and Loss Account		
Opening balance	1,011.47	765.79
Addition: Net Profit/(Loss) for the year	316.44	306.68
Deduction:		
Dividend on Equity Shares	8.21	NIL
Tax on Dividend	1.67	NIL
Other Adjustments	(0.06)	NIL
Transferred to General Reserve	32.00	31.00
Transferred to Debenture Redemption Reserve	30.00	30.00
Closing Balance	1,256.09	1,011.47
g. Other Reserves		
Forfeiture Reserve	1.85	1.85
Closing Balance	1.85	1.85
h. Other Comprehensive Income		
Opening Balance	29.31	23.59
OCI for the year	(3.09)	5.72
Closing Balance	26.21	29.31
TOTAL	1,474.52	1,269.03

11. NON-CURRENT BORROWINGS:

(₹ in Crs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Non-Current	Current	Non-Current	Current
Secured				
(a) Non Convertible Debentures (NCDs) (Refer Note No. 11.1 a)	120.00	40.00	160.00	40.00
(b) ECB/Term loans from Banks/ Financial Institutions (Refer Note No. 11.1 b)	776.86	121.91	435.00	87.04
(c) Vehicle Loans from Banks/Financial Institutions (Refer Note No. 11.1 c)	0.57	0.36	0.60	0.33
TOTAL	897.43	162.27	595.60	127.37

- 11.1 a) Secured, Redeemable, STRPPS NCDs bearing coupon rate of 11.75% p.a. Debentures of ₹ 200.00 Crs are secured by way of First Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movable fixed assets, both present and future, wherever situated, excluding those charged exclusively to other Term Lenders. The NCDs are issued in the year 2014-15 and are redeemable in five equal installments commencing from the end of the 3rd year from the date of allotment of these Debentures.
- b) Out of the total ECB/Term Loans from Banks/Financial Institutions of ₹ 898.77 Crs
- Outstanding Term Loans/ECBs to the extent of ₹ 94.55 Crs are secured by way of Pari Passu Joint Equitable Mortgage of the Company's immovable properties situated at Sarigam, Vapi and Jhagadia, in the State of Gujarat, Pithampur in the State of Madhya Pradesh, Silvassa in the Union Territory of Silvassa, Tarapur in the State of Maharashtra and further by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders.
 - Outstanding Term Loans/ECBs to the extent of ₹ 804.22 crs are secured by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders.
- c) Vehicle loans from Banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

11.2 Repayment Terms:

(₹ in Crs)

Particulars	Repayment Tenor			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
NCDs/ECB/Term Loans from Banks/ Financial Institutions	251.62	236.35	236.35	172.54
Vehicle Loans from Banks/Financial Institutions	0.20	0.20	0.17	-

12. DEFERRED TAX LIABILITIES (NET):

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Deferred Tax Liabilities	141.96	119.46
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws	19.39	24.43
Deferred Tax Assets		
Items allowed for tax purpose on payment	(1.98)	(1.93)
Deferred Tax Liabilities (Net)	159.36	141.96

13. SHORT-TERM BORROWINGS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured		
Working Capital Loan From Banks (Refer Note No. 13.1)	846.94	733.88
	846.94	733.88
Unsecured		
From Banks	139.89	88.46
	139.89	88.46
TOTAL	986.83	822.34

- 13.1** 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 Pithampur in the State of Madhya Pradesh, Silvassa in the Union Territory of Silvassa, and at Tarapur in the State of Maharashtra and further by way of hypothecation of all moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts & inventories) wherever situated, ranking second to the charge held by NCDs/ECB/Other Term Lenders.

14. OTHER CURRENT LIABILITIES:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current maturities of Long-Term Debt (Refer Note No. 11)	161.91	127.04
Current maturities of Vehicle Loan (Refer Note No. 11)	0.36	0.33
Interest accrued but not due on borrowings	14.87	18.61
Unpaid Dividends	1.99	2.08
Deposits	0.07	0.17
Sales Tax Deferred Liability	0.15	0.15
Other Current Liabilities & Taxes	5.27	3.87
TOTAL	184.62	152.25

15. SHORT-TERM PROVISIONS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for		
Employees' Benefits	27.49	23.78
TOTAL	27.49	23.78

16. REVENUE FROM OPERATIONS: (Refer Note No. 16.1)

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Sale of Products	3,651.62	2,995.54
Sale of Services	5.56	9.00
Other Operating Revenues (Refer Note No. 16.2)	42.13	45.68
GROSS REVENUE OPERATIONS	3,699.31	3,050.22

16.1 GROSS SALES & OPERATING REVENUES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Local Sales:		
Speciality Chemicals	1,567.25	1,269.92
Pharmaceuticals	308.57	218.13
Home & Personal Care Chemicals	230.77	147.42
Total (A)	2,106.59	1,635.47
Export Sales:		
Speciality Chemicals	1,311.49	1,186.13
Pharmaceuticals	247.65	207.94
Home & Personal Care Chemicals	33.58	20.68
Total (B)	1,592.72	1,414.75
TOTAL (A+B)	3,699.31	3,050.22

16.2 OTHER OPERATING REVENUES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Fertilizers Subsidy Received	17.82	19.67
Export Benefits/Incentives Received	17.60	19.65
Scrap Sales	6.17	4.63
Vat Refund Received	0.54	1.73
TOTAL	42.13	45.68

17. OTHER INCOME:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Dividend Received	1.26	0.61
Profit on Sale of Assets/Investment	0.39	0.79
Lease Rent Income	0.26	0.26
Other Income	0.22	0.85
TOTAL	2.13	2.51

18. COST OF MATERIALS CONSUMED:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Consumption of Raw Materials	1,867.82	1,441.42
Consumption of Packing Materials	37.95	36.00
Consumption of Fuel	142.82	90.29
Consumption of Stores & Spares	67.20	58.29
TOTAL	2,115.79	1,626.00

19. CHANGE IN INVENTORY:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Opening Stock		
Finished Goods	170.33	159.84
Work-in-Progress	156.90	137.32
Total (A)	327.23	297.16
Closing Stock		
Finished Goods	205.79	170.33
Work-in-Progress	191.18	156.90
Total (B)	396.97	327.23
TOTAL (A-B)	(69.74)	(30.07)

20. EMPLOYEE BENEFITS:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Salaries, Wages & Bonus	159.21	125.93
Contribution to PF and other Funds	9.68	7.57
Workmen & Staff Welfare Expenses	7.91	6.67
TOTAL	176.80	140.17

21. FINANCE COST:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Interest on NCD's	19.77	23.50
Other Interest Expenses	104.24	87.83
Other Borrowing Costs	6.73	6.05
TOTAL	130.74	117.38

22. OTHER EXPENSES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Manufacturing Expenses:		
Freight, Cartage & Transport	103.78	87.63
Power	109.10	101.45
Water Charges	9.68	7.73
Processing Charges	40.51	29.84
Other Manufacturing Expenses	118.01	99.96
Repairs & Maintenance	72.00	66.58
Insurance Charges	2.80	2.36
Research & Development Expenses	14.74	11.38
Factory Administrative Expenses	27.43	22.11
Total (A)	498.05	429.04
Office Administrative Expenses:		
Rent, Rates and Taxes	2.01	2.14
Travelling and Conveyance	4.87	5.15
Auditor's Remuneration (Refer Note No. 22.1)	0.22	0.21
Legal & Professional Charges	13.89	4.18
Postage, Telegraph & Telephone	0.78	0.78
Printing & Stationery Expenses	0.87	0.75
Other Administrative Expenses	9.52	7.50
Total (B)	32.16	20.71
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	5.21	5.29
Export Freight Expenses	59.30	46.16
Freight and Forwarding Expenses	90.74	70.79
Commission	7.98	8.12
Export Insurance Charges	2.00	1.82
Sample Testing & Analysis Charges	1.15	0.91
Lease Rent Paid	11.36	11.23
Provision for Doubtful Debts	1.00	NIL
Sundry Balance Written Off/(Back)	0.79	0.14
Total (C)	179.53	144.46
Non-Operating Expenses:		
Donations and CSR Expenses	6.69	7.27
Loss on Sale of Assets	0.39	NIL
Total (D)	7.08	7.27
TOTAL (A+B+C+D)	716.83	601.48

22.1 AUDITOR'S REMUNERATION:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Audit Fees	0.17	0.16
Certification Charges	0.03	0.03
Out of Pocket Expenses	0.01	0.02
TOTAL	0.21	0.21

23. EARNING PER SHARE (EPS):

Particulars		For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Net Profit available for Equity Shareholders	(₹ in Crs)	316.44	306.68
No. of Equity Shares	(Nos.)	81,300,000	82,120,383
Basic & Diluted EPS	(₹)	38.92	37.35
Nominal Value of Equity Share	(₹)	5.00	5.00

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

Partly paid shares are included as fully paid equivalents according to the fraction paid up.

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

24. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	89.49	69.47
(b) Letters of Credit, Bank Guarantees & Bills Discounted	67.82	67.07
	157.31	136.54
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	43.14	59.75
	43.14	59.75
TOTAL	200.45	196.29

25. There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2018. This information 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.

26. Interest received of ₹ 7.08 Crs (Tax Deducted at Source ₹ 0.36 Crs) [previous year ₹ 9.41 Crs (Tax Deducted at Source ₹ 0.38 Crs)] is netted off against interest paid on Working Capital.

27. 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.

28. RESEARCH & DEVELOPMENT ACTIVITIES:

(₹ in Crs)

Expenditure	As at 31st March, 2018	As at 31st March, 2017
Revenue	14.74	11.38
Capital	33.18	10.25

29. SEGMENT REPORTING:

(₹ in Crs)

Sr. No.	Particulars	Financial Year 2017-18	Financial Year 2016-17
(A)	Primary Segments: Business Segments		
1	Segment Revenue:		
	a) Speciality Chemicals	2,878.74	2,456.05
	b) Pharmaceuticals	556.22	426.07
	c) Home & Personal Care Chemicals	264.35	168.10
	TOTAL	3,699.31	3,050.22
2	Segment Results Profit/(Loss):		
	Before Tax and Interest from each Segment		
	a) Speciality Chemicals	537.07	517.00
	b) Pharmaceuticals	79.20	48.13
	c) Home & Personal Care Chemicals	2.75	0.77
	Total (A)	619.02	565.90
	Less: Interest	130.74	117.38
	Other Unallocable Expenditure (Net)	95.93	69.78
	Total (B)	226.67	187.16
	Total Profit before Tax (A-B)	392.35	378.74
3	Segment Assets:		
	a) Speciality Chemicals	2,802.00	2,350.76
	b) Pharmaceuticals	808.23	628.99
	c) Home & Personal Care Chemicals	229.10	152.52
	d) Unallocated Capital	278.18	208.62
	TOTAL	4,117.51	3,340.89
	Segment Liabilities:		
	a) Speciality Chemicals	426.47	386.99
	b) Pharmaceuticals	75.48	57.03
	c) Home & Personal Care Chemicals	56.75	26.88
	d) Unallocated Capital	159.36	141.95
	TOTAL	718.06	612.85
(B)	Secondary Segments: Geographical Segments		
	a) India	2,106.59	1,635.46
	b) Out of India	1,592.72	1,414.76
	TOTAL	3,699.31	3,050.22

Note:

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

30. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (Ind AS: 24):

I Following are the Subsidiaries of the Company

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

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

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

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

- | | |
|--|-------------------------|
| 1. Shri Rajendra V. Gogri | Director |
| 2. Shri Rashesh C. Gogri | Director |
| 3. Shri Shantilal T. Shah | Director |
| 4. Shri Parimal H. Desai | Director |
| 5. Shri Manoj M. Chheda | Director |
| 6. Shri Kirit R. Mehta | Director |
| 7. Smt. Hetal Gogri Gala | Director |
| 8. Shri Renil R. Gogri | Director |
| 9. Shri Chetan Gandhi | Chief Financial Officer |
| 10. Smt. Mona Patel (upto Date 14/11/2017) | Company Secretary |
| 11. Shri Raj Sarraf (from Date 16/11/2017) | Company Secretary |

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

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

(₹ in Crs)

Sr. No.	Description of Transaction	Year	Subsidiary Companies [I]	Other related Enterprises Firms [II]
1	Sales of Finished Goods/Sales Income	CY	169.82	30.96
		PY	120.40	31.87
2	Purchases of Raw Materials/Finished Goods	CY	21.38	11.31
		PY	10.27	16.81
3	Other Manufacturing Expenses	CY	27.25	2.81
		PY	23.81	2.68
4	Rent paid	CY	-	0.14
		PY	-	0.15
5	Rent Income	CY	-	0.02
		PY	-	0.03
6	Sale of Investment(Convertible Debenture)	CY	2.50	-
		PY	-	-
7	Sale of Fixed Assets	CY	0.07	-
		PY	0.69	0.04
8	Purchase of Fixed Assets	CY	0.67	-
		PY	0.68	1.91
9	Interest Income on the Inter-Corporate Deposits placed/unsecured loans/NCDs	CY	0.13	-
		PY	(0.30)	-
10	Dividend Received	CY	1.21	0.05
		PY	0.61	-
11	Outstanding items pertaining to the related parties at the balance sheet date - Receivable/(Payable)	CY	110.91	13.01
		PY	79.25	(0.99)

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

(₹ in Crs)

Sr. No.	Particulars	Financial Year 2017-18	Financial Year 2016-17
a.	Remuneration including perquisites #	5.26	4.13
b.	Commission to Directors/KMPs	10.17	7.79
c.	Sitting Fees	0.02	0.03
d.	Rent paid	1.05	0.99
e.	Travelling Expenses	0.61	0.97
f.	Telephone Expenses	0.06	0.07
	TOTAL	17.17	13.98

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

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

31. EMPLOYEE BENEFITS:

Defined Benefit Plan

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

(₹ in Crs)

Sr. No.	Particulars	Gratuity (funded) 2017-18	Gratuity (funded) 2016-17
a.	Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
	Defined Benefit Obligation at beginning of the Year	14.20	11.49
	Current Service Cost	1.62	1.12
	Interest Cost	1.07	0.93
	Actuarial(gain)/ loss	0.37	0.83
	Benefits Paid	(0.91)	(0.17)
	Defined Benefit Obligation at year end	16.35	14.20
b.	Reconciliation of opening and closing balances fair value of plan assets		
	Fair value of plan assets at beginning of the year	12.20	9.73
	Expected return of plan assets	0.92	0.78
	Assets Transferred In/Acquisitions	0.01	-
	Actuarial(gain)/loss	0.01	0.01
	Employer Contribution	1.55	1.85
	Benefits Paid	(0.91)	(0.17)
	Fair value of plan assets at year end	13.78	12.20
	Actual return on plan assets	0.94	0.79
c.	Reconciliation of fair value of assets and obligations		
	Fair value of plan assets	13.78	12.20
	Present value of obligation	16.35	14.20
	Amount Recognized in Balance Sheet	2.57	2.00
d.	Expenses recognized during the year		
	Current Service Cost	1.62	1.12
	Interest Cost	1.07	0.93
	Expected return on plan assets	(0.92)	(0.78)
	Actuarial(gain)/ loss	(0.93)	0.82
	Net Cost	0.84	2.09
e.	Investment Details		
	L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
f.	Actuarial assumptions		
	Mortality Table (L.I.C.)	2006-08 (Ultimate)	1994-96 (Ultimate)
	Discount rate (per annum)	7.87%	7.57%
	Expected rate of return on plan assets (per annum)	7.87%	7.57%
	Rate of escalation in Salary (per annum)	5.00%	5.00%

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

Leave Encashment:

Leave Encashment liability amounting to ₹ 6.59 Crs (previous year ₹ 6.42 Crs) has been provided in the Books of Accounts.

32. 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, 2018 the Company has hedged in aggregate an amount of ₹ 1073.80 Crs (previous year ₹ 32.42 Crs) in respect of its short term and long term supply contracts. The annual value of its trade related operations (Exports & Imports) aggregates to ₹ 2171.92 Crs (previous year ₹ 1,976.60 Crs).

The Company has hedged its currency risks to the tune of ₹ 136.85 Crs (previous year ₹ 13.42 Crs), in respect of its long term Foreign Currency Loans/Borrowings. Relating to the same, the Company has also swapped its floating interest rate borrowing of ₹ 284.73 Crs (previous year ₹ 37.95 Crs) into a fixed rate loan through an interest rate swap.

- (B) Net foreign exchange gain arriving out of export and import activities of the Company of ₹ 23.69 Crs (previous year gain of ₹ 16.41 Crs) is included in Profit & Loss Account.

Company had entered into forward contracts to hedge its medium and long term exports contracts. Mark to Market loss on such contracts to the tune of ₹ 10.68 Crs (including loss of ₹ 2.05 Crs for contracts of more than one year) is recognised in the Profit & Loss Account. Company had further provided for Revaluation loss on long term borrowing (ECBs) to the extent of ₹ 2.51 Crs as at 31st March, 2018 and have recognised the same in the Profit & Loss Account.

33. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013.

		(₹ in Crs)	
Sr. No.	Particulars	Financial Year 2017-18	Financial Year 2016-17
(A)	Details of Raw Material Consumption :		
	Benzene	446.92	373.17
	Concentrated Nitric Acid	107.10	100.19
	Aniline	174.11	85.90
	Alpha Olifine	56.10	55.90
	Sulphur	55.85	45.17
	Phthalic Anhydride	53.98	40.62
	Others	666.23	521.33
	TOTAL	1,560.29	1,222.28
(B)	Sales of Products :		
	Speciality Chemicals	2,878.74	2,456.06
	Pharmaceuticals	556.22	426.07
	Home & Personal Care Chemicals	264.35	168.11
	TOTAL	3,699.31	3,050.24
(C)	Details of Trading Purchases:		
	Diethyl Phthalate	8.74	13.59
	Ortho Anisidine	30.12	17.18
	Phthalic Anhydride	0.00	6.42
	Para Nitro Aniline	10.49	12.67
	Ethyl Alcohol	9.06	0.00
	Methanol	6.48	0.00
	Others	38.01	54.38
	TOTAL	102.90	104.24

(₹ in Crs)

Sr. No.	Particulars	Financial Year 2017-18	Financial Year 2016-17
(D)	Value and percentage of Raw Materials and Stores and Spares consumed:		
	Raw Materials:		
	Indigenous	1,105.90	907.30
		70.88%	74.23%
	Imported	454.38	314.98
		29.12%	25.77%
	TOTAL	1,560.28	1,222.28
		100.00%	100.00%
	Stores and Spares:		
	Indigenous	65.80	57.77
		97.92%	99.11%
	Imported	1.40	0.52
		2.08%	0.89%
	TOTAL	67.20	58.29
		100.00%	100.00%
	Fuel:		
	Indigenous	87.48	48.79
		61.25%	54.04%
	Imported	55.34	41.49
		38.75%	45.96%
	TOTAL	142.82	90.28
		100.00%	100.00%
(E)	C.I.F. Value of Imports:		
	Capital Goods	58.64	86.64
	Raw Materials	459.77	373.80
	Stores and Spares	1.40	0.52
	Fuel	59.38	41.59
(F)	Expenditure in Foreign Currency:		
	Commission on Export Sales	5.13	4.32
	Import of Goods for Resale	3.48	5.15
	Other Expenses	42.73	43.82
(G)	Earnings in Foreign Currency:		
	F.O.B. Value of Export Sales	1,502.85	1,312.61

34. FAIR VALUE MEASUREMENTS:

Financial instruments by category

(₹ in Crs)

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	29.07	-	-	31.77	-	-
Trade Receivables	639.23	-	-	547.37	-	-
Cash and Cash Equivalents	23.93	-	-	21.64	-	-
Other Financial Assets	302.48	-	-	231.70	-	-
At FVTOCI						
Investments	26.83	24.88	1.95	29.93	28.32	1.61
Financial Liabilities						
At Amortised Cost						
Borrowings	1,884.27	-	-	1,417.94	-	-
Trade Payables	346.60	-	-	294.87	-	-
Other Current Financial Liabilities	212.11	-	-	176.03	-	-

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

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 : Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

35. CAPITAL MANAGEMENT:

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

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

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Gross Debts	2,046.54	1,545.31
Less: Cash and Marketable Securities	(48.81)	(49.96)
Net Debt (A)	1,997.73	1,495.35
Total Equity (B)	1,515.16	1,310.09
Net Gearing ratio (A/B)	1.32	1.14

Dividends

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Equity shares		
Final dividend for the year ended 31st March 2017 of ₹ 1 per fully paid share	8.21	NIL
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 1 (31st March 2017 ₹ 1) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	8.13	8.21

36. FINANCIAL RISK MANAGEMENT:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to AIL.

Credit risk management

To manage the credit risk, the Company follows a adequate credit control policy and also has an external credit insurance cover with ECGC policy wherein the customers are required to make an advance payment before procurement of goods. Thus, the requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government/statutory agencies.

II. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

(a) Liquidity risk management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at 31st March 2018

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	346.60	-	-	346.60
Other financial liabilities	1,198.95	859.76	37.67	2,096.37
Total	1,545.55	859.76	37.67	2,442.97

As at 31st March 2017

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	294.87	-	-	294.87
Other financial liabilities	998.37	595.60	-	1,593.97
Total	1,293.24	595.60	-	1,888.84

III. Market risk

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net exposures are hedged by forward Contracts.

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

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

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

For and on behalf of the Board

Milind Bhawe
Partner
M. No.: 047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Place: Mumbai
Date: May 11, 2018

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Independent Auditor's Report

**To the Members of
Aarti Industries Limited**

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of **Aarti Industries Limited** ("the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries referred together as a "Group"), which comprises the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The management and Board of Directors of the Holding Company are responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with of Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the preparation of Consolidated Financial Statements by the Company's Directors, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.
4. 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 Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Financial Statements.
5. We believe that the audit evidence obtained by us and obtained by the other auditors in terms of their reports referred to in Other Matters in paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, based on the consideration the aforesaid Consolidated Financial Statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2018, of the consolidated profit, consolidated total comprehensive income, its consolidated cash flows and the consolidated changes in the equity for the year ended March 31, 2018;

Other Matters

We did not audit the Financial Statements/Financial Information of Eight Subsidiaries whose financial statements reflects total assets of ₹ 359.72 Crs as at March 31, 2018, total revenue of ₹ 323.76 Crs and net cash flow amounting to ₹ 4.16 Crs for the year then ended March 31, 2018 as considered in the Consolidated Financial Statements. These Financial Statements /Financial Information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Statements/ Financial Information certified by the management.

Report on Other Legal and Regulatory Requirements

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

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the Consolidated Financial Statements;
- b) in our opinion proper books of account as required by law relating to preparation to aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of Consolidated Financial Statements;
- d) in our opinion, the aforesaid Consolidated Financial Statements comply with the applicable Accounting Standards specified under Section 133 of the

Act, read with the Companies (Indian Accounting Standards) Rules, 2015;

- e) on the basis of written representations received from the Directors of the Holding Company as on March 31, 2018, and taken on record by the Board of Directors of the Holding Company and the reports of the Statutory Auditors of its subsidiary companies incorporated in India, none of the Directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - (i) The impact of pending litigation on its financial position in its Consolidated Financial Statements of the Group disclosed in the Note 25 to the Consolidated Financial Statements.
 - (ii) The provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards see material foreseeable losses, if any, on long term contracts including derivative contracts;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education Fund and Protection Fund by the Holding Company.

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

Milind Bhawe

Partner

Membership No.: 047973

Place: Mumbai
 Date: May 11, 2018

Annexure A to the Auditor's Report –

March 31, 2018

Referred to in paragraph (f) under Report on Other Legal and Regulatory Requirement Section of our Report to the members of Aarti Industries Limited of even date

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

We have audited the internal financial controls over financial reporting of Aarti Industries Limited ("the Company") and its subsidiaries (the Holding Company and its subsidiaries referred together as a "Group") as of March 31, 2018 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the

Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial

reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Milind Bhawe

Partner

Membership No.: 047973

Place: Mumbai

Date: May 11, 2018

Consolidated Balance Sheet

as at 31st March, 2018

(₹ in Crs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1	1,996.17	1,694.90
Capital Work-in-Progress	1	436.23	269.52
Goodwill	1	0.42	0.42
Other Intangible Assets	1	1.30	1.70
Financial Assets			
Investments	2	47.22	46.96
Other Non-Current Assets	3	225.18	168.36
Total Non-Current Assets		2,706.52	2,181.86
Current Assets			
Inventories	4	747.30	571.41
Financial Assets			
Trade Receivables	5	590.75	524.67
Cash and Cash Equivalents	6	32.10	28.50
Others Current Financial Assets	7	224.80	168.70
Other Current Assets	8	25.99	23.91
Total Current Assets		1,620.94	1,317.19
TOTAL ASSETS		4,327.46	3,499.05
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	9	40.65	41.06
Other Equity	10	1,537.78	1,321.41
Non Controlling Interest		77.02	63.85
Total Equity		1,655.45	1,426.32
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	11	908.27	596.44
Other Financial Liabilities	12	NIL	0.45
Deferred Tax Liabilities (Net)	13	177.41	155.44
Total Non-Current Liabilities		1,085.68	752.33
Current Liabilities			
Financial Liabilities			
Borrowings	14	1,012.48	839.29
Trade Payables		357.49	299.72
Other Current Liabilities	15	185.32	153.56
Provisions	16	31.04	27.83
Total Current Liabilities		1,586.33	1,320.40
Total Liabilities		2,672.01	2,072.73
TOTAL EQUITY AND LIABILITIES		4,327.46	3,499.05
Significant Accounting Policies			
See Accompanying Notes to the Financial Statements	1-32		

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

For and on behalf of the Board

Milind Bhawe
Partner
M. No.: 047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Place: Mumbai
Date: May 11, 2018

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2018

(₹ in Crs)

Particulars	Note No.	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
REVENUE			
Revenue from Operations	17	3,806.06	3,163.46
Other Income	18	7.77	1.96
Total Revenue		3,813.83	3,165.42
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	19	2,169.96	1,673.13
Purchases of Stock-in-Trade		117.46	101.77
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	20	(105.89)	(31.62)
Employee Benefits Expense	21	190.14	152.28
Finance Costs	22	131.65	117.34
Depreciation and Amortisation Expenses	1	146.23	122.52
Other Expenses	23	735.27	614.42
Total Expenses		3,384.82	2,749.84
PROFIT BEFORE TAX		429.01	415.60
TAX EXPENSES			
Current Year Tax		87.81	84.62
Earlier Year Tax		(0.01)	0.21
MAT Credit Entitlement		(26.91)	(25.15)
Deferred Tax		21.97	28.38
Total Tax Expenses		82.88	88.06
PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES		346.13	327.54
Profit attributable to Non Controlling Interest		(13.17)	(11.76)
Share of Profit/(Loss) of Associates		NIL	NIL
Profit/(Loss) for the period		332.96	315.78
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair Value of Investments		(2.94)	5.72
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		330.02	321.50
Earnings Per Equity Share (EPS) (in ₹)	24		
Basic/Diluted		40.95	38.45
Significant Accounting Policies			
See Accompanying Notes to the Financial Statements	1-32		

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

Milind Bhawe
Partner
M. No.: 047973

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Place: Mumbai
Date: May 11, 2018

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2018

(₹ in Crs)

Sr. No.	Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
A.	Cash Flow from Operating Activities:		
	Net Profit before Tax and Exceptional/Extraordinary Items	429.01	415.60
	Adjustments for:		
	Finance Costs	131.65	117.34
	Depreciation	146.23	122.52
	Consolidated Adjustments	(3.26)	0.00
	Loss on Sale of Assets	0.39	0.00
		704.02	655.46
	Profit on Sale of Investments/Assets	(6.67)	(0.80)
	Dividend Received from other Investments	(0.06)	0.00
	Lease Rent Received	(0.26)	(0.25)
	Operating Profit before Working Capital Changes	697.03	654.41
	Adjustments for:		
	Increase/(Decrease) in Trade and Other Receivables	(145.57)	(5.68)
	Increase/(Decrease) in Trade Payables and Other Current Liabilities	58.14	(4.98)
	Increase/(Decrease) in Inventories	(175.88)	(76.22)
	Cash Generated from Operations	433.72	567.53
	Direct Taxes Paid	(98.82)	(97.46)
	Net Cash Flow from Operating Activities (A)	334.90	470.07
B.	Cash Flow from Investing Activities:		
	Addition to Property, Plant & Equipment/Capital WIP	(614.78)	(530.22)
	Sale/Written off of Property, Plant & Equipment	0.73	0.33
	(Increase)/Decrease in Other Investments	3.35	0.78
	Dividend Received from Other Investments	0.06	0.00
	Lease Rent Received	0.26	0.25
	Net Cash Flow from Investing Activities (B)	(610.38)	(528.86)
C.	Cash Flow from Financing Activities:		
	Proceeds of Long-Term Borrowings	468.53	200.04
	Repayment of Long-Term Borrowings	(122.55)	(60.69)
	Proceeds/(Repayment) of Other Borrowings	173.19	132.89
	Reduction in Equity due to Buy-back	(98.45)	(96.00)
	Finance Costs	(131.65)	(117.34)
	Dividend Paid	(10.00)	(0.60)
	Net Cash Flow from Financing Activities (C)	279.07	58.30
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	3.59	(0.49)
	Cash and Cash Equivalents (Opening Balance)	28.50	28.99
	Cash and Cash Equivalents (Closing Balance)	32.09	28.50
	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 **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhawe
Partner
M. No.: 047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Place: Mumbai
Date: May 11, 2018

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2018

A. EQUITY SHARE CAPITAL

	(₹ in Crs)
As at 1st April, 2016	41.66
Changes in equity share capital during the year 2016-17	(0.60)
As at 31st March, 2017	41.06
Changes in equity share capital during the year 2017-18	(0.41)
As at 31st March, 2018	40.65

B. OTHER EQUITY

Particulars	Other Equity										Other Comprehensive Income	Total Other Equity
	Reserves and Surplus											
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Debenture Redemption Reserve	General Reserve	State Investment Subsidy	Forfeiture Reserve	Revaluation Reserve	RBI Reserve U/s 45(IC)	Retained Earnings		
Balance as at 1st April, 2016	13.24	1.27	23.36	60.00	171.23	0.52	1.85	0.53	1.91	798.83	22.89	1,095.64
Transfer to/(from) Other Reserves	0.52	-	-	-	-	(0.52)	-	-	-	-	-	NIL
Upon Buy-back of Shares	-	0.60	(21.99)	-	(74.01)	-	-	-	-	-	-	(95.40)
Transfer to Other Reserves from Retained Earnings	-	-	-	30.00	33.75	-	-	-	0.11	(63.86)	-	NIL
Dividend Paid	-	-	-	-	-	-	-	-	-	(1.81)	-	(1.81)
Tax on Dividend	-	-	-	-	-	-	-	-	-	(0.24)	-	(0.24)
Intergroup Dividend	-	-	-	-	-	-	-	-	-	1.21	-	1.21
Adjustment on Consolidation	-	-	-	-	-	-	-	-	-	0.43	-	0.43
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	-	0.08	-	0.08
Profit for the Period	-	-	-	-	-	-	-	-	-	315.78	-	315.78
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	5.72	5.72
As at 31st March, 2017	13.76	1.87	1.37	90.00	130.97	NIL	1.85	0.53	2.02	1,050.42	28.61	1,321.41
Upon Buy-back of Shares	-	0.41	-	-	(98.44)	-	-	-	-	-	-	(98.03)
Transfer to Other Reserves from Retained Earnings	-	-	-	30.00	34.01	-	-	-	1.44	(65.44)	-	NIL
Dividend Paid	-	-	-	-	-	-	-	-	-	(13.03)	-	(13.03)
Tax on Dividend	-	-	-	-	-	-	-	-	-	(2.40)	-	(2.40)
Intergroup Dividend	-	-	-	-	-	-	-	-	-	3.03	-	3.03
Other Adjustment	-	-	-	-	-	-	-	(0.01)	-	0.06	-	0.05
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	-	(3.28)	-	(3.28)
Profit for the Period	-	-	-	-	-	-	-	-	-	332.96	-	332.96
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	(2.94)	(2.94)
Balance as at 31st March, 2018	13.76	2.28	1.37	120.00	66.54	NIL	1.85	0.52	3.46	1,302.32	25.68	1,537.78

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

For and on behalf of the Board

Milind Bhawe
Partner
M. No.: 047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Place: Mumbai
Date: May 11, 2018

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

Corporate Information and Significant Accounting Policies

Corporate Information

The Consolidated Financial Statements comprise financial statements of Aarti Industries Limited ("The Holding Company") and subsidiaries (collectively referred to as "the Group") for the year ended 31st March 2018.

The principal activities of the Group, and its subsidiaries consists of manufacturing and dealing in Speciality Chemicals, Pharmaceuticals and Home & Personal Care intermediates.

Significant Accounting Policies

(a) Background:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest (%)
Indian Subsidiary:		
(i) Aarti Corporate Services Limited	India	100.00%
(ii) Nascent Chemical Industries Limited (Through its holding Company: Aarti Corporate Services Limited)	India	50.49%
(iii) Shanti Intermediates Private Limited (Through its holding Company: Aarti Corporate Services Limited)	India	100.00%
(iv) Innovative Envirocare Jhagadia Limited	India	100.00%
(v) Ganesh Polychem Limited	India	50.24%
(vi) Aarti Polychem Private Limited	India	100.00%
Foreign Subsidiary:		
(vii) Alchemie (Europe) Limited	United Kingdom	88.89%
(viii) Aarti USA Inc.	USA	100.00%

(b) Basis of Preparation & Presentation:

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

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amended by the Companies (Indian Accounting Standards) {Amendment} Rules, 2016.

Statements & Indian Accounting Standard (Ind AS) 28 -Accounting for Investments in Associates in Consolidated Financial Statements.

- (ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and Subsidiary Companies drawn up to the same reporting date i.e 31st March, 2018.
- (iii) In case of Foreign Subsidiary, revenue items are consolidated at the average rate prevailing during the period. All Assets (except Fixed Assets) and liabilities are converted at the rates, prevailing at the end of the year. In case of Fixed Assets, the same is consolidated at the rate applicable in the year of acquisition of the said assets. Any exchange difference arising on consolidation is recognised as Translation difference in Reserves & Surplus.
- (iv) The consolidation of financial statements of the Parent Company and its Subsidiaries is done on

(c) Principles of Consolidation:

- (i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial

line by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

- (v) Non Controlling Interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.
- (vi) As far as possible, the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.
- (vii) Investments in Associates are accounted for using equity method in accordance with Indian Accounting Standard (Ind AS) 28 "Accounting for Investment in Associates in Consolidated Financial Statements" under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses are recouped.

(d) Revenue Recognition:

- (i) Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Conversion, Sale of Scrap and obsolete stores is accounted for at the time of disposal.
- (ii) Export entitlements are recognized on realization.
- (iii) Revenue in respect of Interest, Insurance claims are recognized on the time proportion method.
- (iv) Subsidy from Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/announced by the Government of India.

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

(1) Property, Plant and Equipment (PPE)

Property, Plant & Equipment are stated at cost of acquisition (net of recoverable taxes) inclusive of all expenditure of capital nature such as inward freight, duties & taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

(2) Intangible Assets

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

(3) Depreciation/Amortization

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

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

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

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

(f) Research and Development:

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Development is included as part of Property, Plant & Equipment and depreciation is provided on the same basis as for other Property, Plant & Equipment.

(g) Investments:

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

(h) Valuation of Inventories:

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

Inventories have been valued on the following basis:

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

(i) Retirement Benefits:

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

(j) Foreign Currency Transactions:

Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are appropriately dealt in the financial statements in accordance with the applicables accounting standards.

(k) Operating Lease:

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

(l) Deferred Revenue Expenditure:

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

(m) Income Taxes:

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred Tax reflects the impact of timing differences between Taxable Income and Accounting Income for the year and reversal of timing differences of earlier years. Deferred Tax is measured on the basis of Tax Rates and Tax Laws enacted or substantively enacted at the Balance Sheet. Deferred Tax Assets are recognized only if there is reasonable certainty of their realization except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognized only if there is virtual certainty of their realization.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date.

(n) Borrowing Costs:

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

(o) Provisions and Contingent Liabilities:

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

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

(p) Cash and Cash Equivalents

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

1. PROPERTY, PLANT AND EQUIPMENT:

(₹ in Crs)

F.Y. 2017-18		GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK		
Particulars	Balance as at 1st April, 2017	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2018	Balance as at 1st April, 2017	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2018	Balance as at 31st March, 2018	Balance as at 31st March, 2017	
(i) Tangible Assets											
Free hold Land	3.68	-	-	3.68	0.26	-	-	0.26	3.42	3.42	
Lease Hold Land	115.55	33.27	-	148.82	3.92	2.35	-	6.27	142.55	111.63	
Residential Flat	0.00	-	-	0.00	0.00	0.00	-	0.00	0.00	0.00	
Buildings	220.97	44.27	0.01	265.23	53.69	12.39	-	66.08	199.15	167.28	
Plant and Equipment	2,189.43	329.73	1.03	2,518.13	814.29	123.79	0.37	937.71	1,580.42	1,375.14	
R & D Assets	33.32	33.18	-	66.50	11.91	2.97	-	14.88	51.62	21.41	
Furniture and Fixtures	25.85	5.53	0.01	31.37	18.37	2.55	0.01	20.91	10.46	7.48	
Vehicles	25.00	2.09	0.94	26.15	16.46	1.78	0.65	17.59	8.56	8.54	
Total (i)	2,613.80	448.07	1.99	3,059.88	918.90	145.83	1.03	1,063.70	1,996.17	1,694.90	
(ii) Intangible Assets											
Process Development	21.96	-	-	21.96	20.26	0.40	-	20.66	1.30	1.70	
Technical Knowhow	1.38	-	-	1.38	1.38	-	-	1.38	NIL	NIL	
Goodwill	6.19	-	-	6.19	6.19	-	-	6.19	NIL	NIL	
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL	
Copyrights and Patents	9.66	-	-	9.66	9.66	-	-	9.66	NIL	NIL	
Goodwill on Consolidation	1.24	-	-	1.24	0.82	-	-	0.82	0.42	0.42	
Total (ii)	40.81	-	-	40.81	38.69	0.40	-	39.09	1.72	2.12	
TOTAL (i+ii)	2,654.61	448.07	1.99	3,100.69	957.59	146.23	1.03	1,102.79	1,997.89	1,697.02	
(iii) Capital Work-in-Progress											
									436.23	269.52	

(₹ in Crs)

F.Y. 2016-17		GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2016	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2017	Balance as at 1st April, 2016	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2017	Balance as at 31st March, 2017	Balance as at 31st March, 2016
(i) Tangible Assets										
Free hold Land	3.68	-	-	3.68	0.26	-	-	0.26	3.42	3.42
Lease Hold Land	53.88	61.67	-	115.55	3.38	0.54	-	3.92	111.63	50.50
Residential Flat	0.00	-	-	0.00	0.00	0.00	-	0.00	0.00	0.00
Buildings	161.00	59.97	-	220.97	43.79	9.90	-	53.69	167.28	117.21
Plant and Equipment	1,756.08	433.62	0.27	2,189.43	709.56	104.93	0.20	814.29	1,375.14	1,046.52
R & D Assets	23.07	10.25	-	33.32	9.34	2.57	-	11.91	21.41	13.73
Furniture and Fixtures	21.15	4.78	0.08	25.85	16.35	2.10	0.08	18.37	7.48	4.80
Vehicles	23.77	1.42	0.19	25.00	14.41	2.18	0.13	16.46	8.54	9.36
Total (i)	2,042.63	571.71	0.54	2,613.80	797.09	122.22	0.41	918.90	1,694.90	1,245.54
(ii) Intangible Assets										
Process Development	19.96	2.00	-	21.96	19.96	0.30	-	20.26	1.70	-
Technical Knowhow	1.38	-	-	1.38	1.38	-	-	1.38	NIL	NIL
Goodwill	6.19	-	-	6.19	6.19	-	-	6.19	NIL	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL
Copyrights and Patents	9.66	-	-	9.66	9.66	-	-	9.66	NIL	NIL
Goodwill on Consolidation	1.24	-	-	1.24	0.82	-	-	0.82	0.42	0.42
Total (ii)	38.81	2.00	-	40.81	38.39	0.30	-	38.69	2.12	0.42
TOTAL (i+ii)	2,081.44	573.71	0.54	2,654.61	835.48	122.52	0.41	957.59	1,697.02	1,245.96
(iii) Capital Work-in-Progress										
								269.52		313.01

1.1 Gross Block of Plant & Equipment includes assets given on Lease with Gross Block ₹ 1.15 Crs (previous year ₹ 1.15 Crs)

1.2 Additions to Gross Block includes an amount of ₹ 10.03 Crs (previous year ₹ 5.16 Crs) being the net foreign exchange loss, arising on account of restatement and repayments of Long-term Foreign Currency Loans during the year.

1.3 Depreciation for Nascent Chemicals Industries Limited of ₹ 0.01 Crs (previous year ₹ 0.01 Crs) in respect of its revalued assets have been adjusted against its Revaluation Reserve.

2. NON-CURRENT INVESTMENTS:

(₹ in Crs)

Name of the Company	No. of Shares/ Units	As at 31st March, 2018	No. of Shares/ Units	As at 31st March, 2017
Trade Investments - (Quoted) in Equity Shares				
Aarti Drugs Limited	491,790	24.88	491,790	28.32
		24.88		28.32
Investments - (Unquoted) in Equity Shares of Other Companies				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	61	0.01	61	0.01
Narmada Clean Tech Limited	287,550	0.13	287,550	0.13
Dilesh Roadlines Private Limited	464,550	1.77	464,550	1.43
Indusken Pharmaceuticals Private Limited	NIL	NIL	200,000	0.20
U.K.I.P. Co-Op. Society Limited	35	0.00	35	0.00
Aarti Ventures Limited	190,000	0.16	190,000	0.16
Tarapur Environment Protection Society	7,188	0.62	7,188	0.62
Derma Touch Inc.	125,000	1.34	125,000	1.34
Dispo Dyechem Limited	NIL	NIL	240,005	0.00
SBPP Bank Limited	783	0.01	783	0.01
Deltecs Infotech Private Limited	853	0.13	858	0.11
Bewakoof Brands Private Limited	4,033	0.88	4,033	0.75
Amarjyot Chemicals Limited	35,963	1.10	35,963	2.17
Polygamma Industries Private Limited	72,336	4.54	72,336	0.32
Numbermask Digital Private Limited	1,125	0.00	1,125	0.00
Trans Retail Ventures Private Limited	28,796	0.02	28,796	0.03
Aarti Biotech Limited	421,700	0.11	421,700	0.10
Aarti Intermediates Private Limited	22,125	0.00	22,125	0.00
Perfect Enviro Control Systems Limited	380,640	0.18	380,640	0.18
Shamrao Vithal Co-op. Bank Limited	100	0.00	NIL	NIL
		11.01		7.57
Investments - (Unquoted) Convertible Pref. Shares				
Deltecs Infotech Private Limited	750,000	0.26	NIL	NIL
		0.26		NIL
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.80	NA	3.80
		3.80		3.80
Investments - (Unquoted) in Unsecured Convertible Debentures				
Aarti Ventures Limited	727,000	7.27	727,000	7.27
		7.27		7.27
TOTAL		47.22		46.96

3. OTHER NON-CURRENT ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital Advances	59.06	39.46
Other Deposits	32.04	30.32
Advance Tax and Tax Deducted at Source (Net of Provisions)	134.08	98.58
TOTAL	225.18	168.36

4. INVENTORIES:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
a. Raw Materials and Components	242.85	192.36
b. Work-in-progress Finished Goods	203.00	162.37
c. Finished Goods	206.44	131.88
d. Stock-in-trade	41.71	51.01
e. Stores and spares	19.43	13.23
f. Fuel	29.77	15.35
g. Packing Materials	4.09	5.21
TOTAL	747.30	571.41

5. TRADE RECEIVABLES:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good (Net of Advance)		
For more than a period exceeding six months	34.88	37.69
Other	555.87	486.98
TOTAL	590.75	524.67

6. CASH AND CASH EQUIVALENTS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash on hand	0.54	0.62
Bank balance in Current Accounts	25.11	19.42
Bank deposits kept as Margin Money	4.46	6.38
Earmarked Balances (Unpaid Dividend Accounts)	1.99	2.08
TOTAL	32.10	28.50

7. OTHER CURRENT FINANCIAL ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balances with Customs, Port Trust, Central Excise, Sales Tax and Goods & Services Tax Authorities	209.15	139.20
Loans Given to Employees	7.68	7.01
Loans Given to Others	7.97	22.49
TOTAL	224.80	168.70

8. OTHER CURRENT ASSETS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Others Receivables	1.95	7.47
Prepaid Expenses	12.27	5.58
Subsidy Receivable	7.99	6.61
Insurance Claim Receivable	3.78	4.25
TOTAL	25.99	23.91

9. EQUITY SHARE CAPITAL:

(₹ in Crs)

Particulars	No. of Shares	As at 31st March, 2018	No. of Shares	As at 31st March, 2017
Authorised Share Capital				
Equity Shares of ₹ 5/- each	230,150,320	115.08	230,150,320	115.08
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	81,300,000	40.65	82,120,383	41.06
TOTAL		40.65		41.06

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2018:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Equity Shares at the beginning of the year	82,120,383	83,320,383
Add: Shares issued during the year	NIL	NIL
Less: Shares buy-back during the year	820,383	1,200,000
Equity Shares at the end of the year	81,300,000	82,120,383

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Limited	6,530,886	8.03	6,267,393	7.63
Rashesh Chandrakant Gogri	5,334,404	6.56	4,797,248	5.84
Chandrakant Vallabhaji Gogri	3,943,934	4.85	7,404,834	9.02

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

Particulars	Financial Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
No. of Equity Shares outstanding (Refer Note No. 9.4)	81,300,000	82,120,383	83,320,383	88,591,687	88,591,687

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

- [a] During the year 2017-18 820,383 shares were brought back at a premium of ₹ 1,195/-.
- [b] During the year 2016-17 1,200,000 shares were brought back at a premium of ₹ 795/-.
- [c] During the year 2015-16 5,271,304 share of the Company had been cancelled, on the net basis, pursuant to the Scheme of Amlagamation of Anushakti Chemicals & Drugs Limited, Anushakti Holdings Limited, Gogri and Sons Investments Private Limited, and Alchemie Leasing & Financing Private Limited into the Company.

10. OTHER EQUITY:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
a. Capital Reserves		
Opening Balance	13.76	13.24
Addition: Trf. From State Investment Subsidy	NIL	0.52
Deduction	NIL	NIL
Closing Balance	13.76	13.76
b. Capital Redemption Reserve		
Opening Balance	1.87	1.27
Addition: upon Buy-back of Shares	0.41	0.60
Deduction	NIL	NIL
Closing Balance	2.28	1.87
c. Securities Premium Account		
Opening Balance	1.37	23.36
Addition	NIL	NIL
Deduction: upon Buy-back of Shares	NIL	21.99
Closing Balance	1.37	1.37
d. Debenture Redemption Reserve		
Opening Balance	90.00	60.00
Addition: Transferred from Profit & Loss Account	30.00	30.00
Deduction	NIL	NIL
Closing Balance	120.00	90.00
e. RBI Reserve U/s 45 (IC)		
Opening Balance	2.02	1.91
Addition: Transferred from Profit & Loss Account	1.44	0.11
Deduction	NIL	NIL
Closing Balance	3.46	2.02

10. OTHER EQUITY:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
f. General Reserve		
Opening Balance	130.97	171.23
Addition: Transferred from Profit & Loss Account	34.01	33.75
Deduction: upon Buy-back of Shares	98.44	74.01
Closing Balance	66.54	130.97
g. Profit and Loss Account		
Opening balance	1,050.42	798.83
Addition:		
Net Profit/(Loss) for the year	332.96	315.78
Deduction:		
Dividend Paid on Equity Shares	13.03	1.81
Tax on Dividend	2.40	0.24
Other Adjustments	(0.06)	(0.43)
Foreign Exchange Difference on Translation	3.28	(0.08)
Intergroup Dividend	(3.03)	(1.21)
Transferred to Reserves	65.44	63.86
Closing Balance	1,302.32	1,050.42
h. Other Reserves		
Revaluation Reserve	0.52	0.53
Forfeiture Reserve	1.85	1.85
Closing Balance	2.37	2.38
i. Other Comprehensive Income		
Opening Balance	28.62	22.90
OCI for the year	(2.94)	5.72
Closing Balance	25.68	28.62
TOTAL	1,537.78	1,321.41

11. NON-CURRENT BORROWINGS:

(₹ in Crs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Non-Current	Current	Non-Current	Current
Secured				
(a) Non Convertible Debentures (NCDs)	120.45	40.00	160.00	40.00
(b) ECB/Term loans from Banks/ Financial Institutions	787.18	121.91	435.56	87.26
(c) Vehicle Loans from Banks/Financial Institutions	0.64	0.36	0.88	0.86
TOTAL	908.27	162.27	596.44	128.12

12. OTHER FINANCIAL LIABILITIES:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured Loan From Others	NIL	0.45
TOTAL	NIL	0.45

13. DEFERRED TAX LIABILITIES (NET):

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Deferred Tax Liabilities	155.44	127.06
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws	24.06	30.32
Deferred Tax Assets		
Items allowed for tax purpose on payment	(2.09)	(1.94)
Deferred Tax Liabilities (Net)	177.41	155.44

14. SHORT-TERM BORROWINGS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured		
Working Capital Loan From Banks	871.28	749.69
	871.28	749.69
Unsecured		
From Banks	139.89	88.46
From Other	1.31	1.14
	141.20	89.60
TOTAL	1,012.48	839.29

15. OTHER CURRENT LIABILITIES:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Current maturities of Long-Term Debt	161.91	127.26
(b) Current maturities of Vehicle Loan	0.36	0.86
(c) Interest accrued but not due on borrowings	15.15	18.61
(d) Unpaid Dividends	1.99	2.08
(e) Deposits	0.07	0.17
(f) Sales Tax Deferred Liability	0.15	0.15
(g) Other Current Liabilities & Taxes	5.69	4.43
TOTAL	185.32	153.56

16. SHORT-TERM PROVISIONS:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for		
Employees' Benefits	30.56	26.71
Others	0.48	1.12
TOTAL	31.04	27.83

17. REVENUE FROM OPERATIONS:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Sale of Products	3,753.77	3,105.63
Sale of Services	5.56	9.00
Other Operating Revenues (Refer Note No. 17.1)	46.73	48.83
GROSS REVENUE OPERATIONS	3,806.06	3,163.46

17.1 OTHER OPERATING REVENUES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Fertilizers Subsidy Received	17.82	19.67
Export Benefits/Incentives	17.60	22.43
Scrap Sales	6.71	5.00
Other Operating Income	4.06	NIL
Vat Refund Received	0.54	1.73
TOTAL	46.73	48.83

18. OTHER INCOME:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Dividend Received	0.06	0.00
Profit on Sale of Assets/Investment	6.67	0.80
Lease Rent Income	0.26	0.25
Other Income	0.78	0.91
TOTAL	7.77	1.96

19. COST OF MATERIALS CONSUMED:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Consumption of Raw Materials	1,889.09	1,465.48
Consumption of Packing Materials	40.39	37.66
Consumption of Fuel	171.04	110.63
Consumption of Stores & Spares	69.43	59.36
TOTAL	2,169.96	1,673.13

20. CHANGE IN INVENTORY:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Opening Stock		
Finished Goods	182.89	171.67
Work-in-Progress	162.37	141.97
Total (A)	345.26	313.64
Closing Stock		
Finished Goods	248.15	182.89
Work-in-Progress	203.00	162.37
Total (B)	451.15	345.26
TOTAL (A-B)	(105.89)	(31.62)

21. EMPLOYEE BENEFITS:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Salaries, Wages & Bonus	171.36	137.01
Contribution to PF and other Funds	10.35	8.10
Workmen & Staff Welfare Expenses	8.43	7.17
TOTAL	190.14	152.28

22. FINANCE COST:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Interest on NCD's	19.77	23.50
Other Interest Expenses	104.80	87.40
Other Borrowing Costs	7.08	6.44
TOTAL	131.65	117.34

23. OTHER EXPENSES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
OTHER EXPENSES:		
Manufacturing Expenses:		
Freight, Cartage & Transport	104.52	88.20
Power	109.12	101.45
Water Charges	10.60	8.64
Processing Charges	35.04	29.84
Other Manufacturing Expenses	115.89	88.23
Repairs & Maintenance	78.33	71.33
Insurance Charges	3.00	2.51
Research & Development Expenses	15.07	11.38
Factory Administrative Expenses	28.21	25.34
Total (A)	499.78	426.92
Office Administrative Expenses:		
Rent, Rates and Taxes	2.07	2.20
Travelling and Conveyance	5.58	5.84
Auditor's Remuneration (Refer Note No. 23.1)	0.31	0.28
Legal & Professional Charges	14.43	4.68
Postage, Telegraph & Telephone	0.87	0.90
Printing & Stationery Expenses	0.99	0.94
Other Administrative Expenses	10.43	8.13
Total (B)	34.69	22.97
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	5.36	5.30
Export Freight Expenses	59.61	50.23
Freight and Forwarding Expenses	102.53	76.53
Commission	8.03	8.20
Export Insurance Charges	2.00	1.82
Sample Testing & Analysis Charges	1.15	0.95
Lease Rent Paid	11.36	11.23
Provision for Doubtful Debts	1.00	NIL
Other Expenses	0.12	0.11
Sales Tax & Other Dues Paid	0.43	0.69
Sundry Balance Written Off/(Back)	0.79	0.55
Total (C)	192.39	155.61
Non-Operating Expenses:		
Donations and CSR Expenses	8.02	8.92
Loss on Sale of Assets/Investment	0.39	0.00
Total (D)	8.41	8.92
TOTAL (A+B+C+D)	735.27	614.42

23.1 AUDITOR'S REMUNERATION:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Audit Fees	0.27	0.19
Certification Charges	0.03	0.03
Out of Pocket Expenses	0.01	0.02
TOTAL	0.31	0.24

24. EARNING PER SHARE (EPS):

Particulars		For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Net Profit after Tax	(₹ in Crs)	346.13	327.54
Profit attributable to Non Controlling Interest	(₹ in Crs)	(13.17)	(11.76)
Share of Profit/(Loss) of Associates	(₹ in Crs)	NIL	NIL
Net Profit After Consolidation available for Equity Shareholders	(₹ in Crs)	332.96	315.78
No. of Equity Shares	(Nos.)	81,300,000	82,120,383
Basic & Diluted EPS	(₹)	40.95	38.45
Nominal Value of Equity Share	(₹)	5.00	5.00

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

Partly paid shares are incuded as fully paid equivalents according to the fraction paid up.

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

25. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	89.76	69.47
(b) Letters of Credit, Bank Guarantees & Bills Discounted	69.89	69.15
	159.65	138.62
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	43.16	60.88
	43.16	60.88
TOTAL	202.81	199.50

26. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (Ind AS: 24):

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

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

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

1. Shri Rajendra V. Gogri Director
2. Shri Rashesh C. Gogri Director
3. Shri Shantilal T. Shah Director
4. Shri Parimal H. Desai Director
5. Shri Manoj M. Chheda Director
6. Shri Kirit R. Mehta Director
7. Smt. Hetal Gogri Gala Director
8. Shri Renil R. Gogri Director
9. Shri Chetan Gandhi Chief Financial Officer
10. Smt. Mona Patel (upto Date 14/11/2017) Company Secretary
11. Shri Raj Sarraf (from Date 16/11/2017) Company Secretary

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

(A) Details relating to parties referred to in item I above.

(₹ in Crs)

Sr. No.	Description of Transaction	Year	Other related Enterprises Firms
1	Sales of Finished Goods/Sales Income	CY	30.96
		PY	31.87
2	Purchases of Raw Materials/Finished Goods	CY	11.31
		PY	16.81
3	Other Manufacturing Expenses	CY	2.81
		PY	2.68
4	Rent paid	CY	0.14
		PY	0.15
5	Other Income	CY	0.02
		PY	0.03
6	Sale of Fixed Assets	CY	-
		PY	0.04
7	Purchase of Fixed Assets	CY	-
		PY	1.91
8	Dividend Received	CY	0.05
		PY	-
9	Outstanding items pertaining to the related parties at the balance sheet date -	CY	13.01
	-Receivable/(Payable)	PY	0.99

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

(₹ in Crs)

Sr. No.	Particulars	Financial Year 2017-18	Financial Year 2016-17
a.	Remuneration including perquisites #	9.91	8.79
b.	Commission to Directors/KMPs	10.17	7.79
c.	Sitting Fees	0.02	0.03
d.	Rent paid	1.05	0.99
e.	Travelling Expenses	0.61	0.97
f.	Telephone Expenses	0.06	0.07
TOTAL		21.82	18.64

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

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

27. SEGMENT REPORTING:

(₹ in Crs)

Sr. No.	Particulars	Financial Year 2017-18	Financial Year 2016-17
(A) Primary Segments: Business Segments			
1 Segment Revenue:			
a)	Speciality Chemicals	2,985.49	2,569.29
b)	Pharmaceuticals	556.22	426.07
c)	Home & Personal Care Chemicals	264.35	168.10
TOTAL		3,806.06	3,163.46
2 Segment Results Profit/(Loss):			
Before Tax and Interest from each Segment			
a)	Speciality Chemicals	581.07	565.75
b)	Pharmaceuticals	79.20	48.13
c)	Home & Personal Care Chemicals	2.75	0.77
Total (A)		663.02	614.65
Less: Interest		131.65	117.33
Other Unallocable Expenditure (Net)		102.36	81.72
Total (B)		234.01	199.05
Total Profit before Tax (A-B)		429.01	415.60
3 Segment Assets:			
a)	Speciality Chemicals	3,012.31	2,516.74
b)	Pharmaceuticals	808.23	628.99
c)	Home & Personal Care Chemicals	229.10	152.52
d)	Unallocated Capital	227.82	200.79
TOTAL		4,277.46	3,499.04
Segment Liabilities:			
a)	Speciality Chemicals	441.62	397.66
b)	Pharmaceuticals	75.48	57.03
c)	Home & Personal Care Chemicals	56.75	26.88
d)	Unallocated Capital	177.41	155.44
TOTAL		751.26	637.01
(B) Secondary Segments: Geographical Segments			
a)	India	2,115.08	1,640.50
b)	Out of India	1,690.98	1,522.96
TOTAL		3,806.06	3,163.46

Note:

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

28. ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY/ASSOCIATES.

Name of Enterprise	Net Assets (i.e. Total Assets minus total liabilities)		Share in Profit or Loss	
	As % of Consolidated net assets	(Amt in Crs)	As % of Consolidated Profit or Loss	(Amt in Crs)
Parent				
Aarti Industries Limited	95.99%	1,515.16	95.04%	316.44
Subsidiaries				
Alchemie (Europe) Limited	0.06%	0.94	0.97%	3.22
Aarti USA Inc.	-0.04%	(0.67)	-0.14%	(0.45)
Aarti Corporate Services Limited	0.93%	14.63	2.06%	6.86
Ganesh Polychem Limited	8.59%	135.66	6.02%	20.05
Innovative Envirocare Jhagadia Limited	0.02%	0.28	0.00%	(0.01)
Nascent Chemical Industries Limited	0.79%	12.47	1.72%	5.73
Shanti Intermediates Pvt Limited	0.01%	0.12	0.02%	0.05
Aarti Polychem Private Limited	0.00%	0.00	0.00%	0.00
Non Controlling Interest in all Subsidiaries	-4.88%	(77.02)	-3.96%	(13.17)
Inter Company Elimination & Consolidation Adjustment	-1.47%	(23.17)	-1.73%	(5.75)
TOTAL	100.00%	1578.40	100.00%	332.97

29. FAIR VALUE MEASUREMENTS:

Financial instruments by category

(₹ in Crs)

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	17.99	-	-	13.39	-	-
Trade Receivables	590.75	-	-	524.67	-	-
Cash and Cash Equivalents	32.09	-	-	28.50	-	-
Other Financial Assets	341.88	-	-	262.39	-	-
At FVTOCI						
Investments	29.23	24.88	4.35	33.57	28.32	5.25
Financial Liabilities						
At Amortised Cost						
Borrowings	1,920.75	-	-	1,435.73	-	-
Trade Payables	357.49	-	-	299.72	-	-
Other Current Financial Liabilities	216.36	-	-	181.84	-	-

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

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 : Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

30. CAPITAL MANAGEMENT:

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

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

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Gross Debts	2,083.02	1,563.85
Less: Cash and Marketable Securities	(56.97)	(56.82)
Net Debt (A)	2,026.05	1,507.03
Total Equity (B)	1,655.42	1,426.32
Net Gearing ratio (A/B)	1.22	1.06

Dividends

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(i) Equity shares		
Final dividend for the year ended 31st March 2017 of ₹ 1 per fully paid share	8.21	NIL
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 1 (31st March 2017 ₹ 1) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	8.13	8.21

31. FINANCIAL RISK MANAGEMENT:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to ALL.

Credit risk management

To manage the credit risk, the Company follows a adequate credit control policy and also has an external credit insurance cover with ECGC policy wherein the customers are required to make an advance payment before procurement of goods. Thus, the requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government/statutory agencies.

II. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

(a) Liquidity risk management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at 31st March 2018

Maturities of non-derivative financial liabilities (₹ in Crs)				
Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	357.49	-	-	357.49
Other financial liabilities	1,228.84	870.60	37.67	2,137.11
Total	1,586.33	870.60	37.67	2,494.60

As at 31st March 2017

Maturities of non-derivative financial liabilities (₹ in Crs)				
Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	299.72	-	-	299.72
Other financial liabilities	1,020.68	596.89	-	1,617.57
Total	1,320.40	596.89	-	1,917.29

III. Market risk

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net sales are hedged by forward Contract.

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

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

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

Milind Bhave
Partner
M. No.: 047973

Place: Mumbai
Date: May 11, 2018

For and on behalf of the Board

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

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

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary



CIN: L24110GJ1984PLC007301

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

Website:- www.aarti-industries.com, Email:- investorrelations@aarti-industries.com

Telephone:- +91 260-2400059, 2400366, Fax:- +91 260-2401322

Notice of Annual General Meeting

Notice is hereby given that the Thirty Fifth Annual General Meeting of the Members of AARTI INDUSTRIES LIMITED will be held at Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi - 396195, Dist. Valsad, Gujarat, on Friday, the 21st day of September, 2018, at 11:00 a.m. to transact the following businesses:

ORDINARY BUSINESS:

- To receive, consider and adopt;
 - the audited Financial Statements for the financial year ended March 31, 2018, the Reports of the Board of Directors' and Auditors thereon; and
 - the audited Consolidated Financial Statement for the financial year ended March 31, 2018.
- To declare dividend for the financial year ended March 31, 2018
- To appoint a Director in place of Shri Parimal H. Desai (DIN: 00009272) who is liable to retire by rotation and being eligible, offer himself for re-appointment.
- To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 (the Rules), and pursuant to recommendation of the Audit Committee of the Board of Directors, M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Regn. No. 105215W/W100057) be and is hereby re-appointed as Statutory Auditors of the Company for the period of four years to hold office from the conclusion of this Annual General Meeting until the conclusion of the 39th Annual General Meeting of the Company, on such remuneration and reimbursement of out of pocket expenses, as shall be decided/approved by the Board of Directors."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 198 and all other applicable provisions, if any read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, recommendation of nomination and remuneration committee of the Board, and subject to other approvals, if any, the consent of the Company be and is hereby given on to revise the terms of appointment of executive directors as shown hereunder with effect from April 1, 2018.

Name of Directors	per annum (Amount in Thousand Rupees)			
	Basic	HRA	Bonus	Total
Shri Rajendra V. Gogri (CMD)	5,580.0	555.0	465.0	6,600
Shri Rashesh C. Gogri (VC & MD)	5,580.0	555.0	465.0	6,600
Shri Parimal H. Desai (WTD)	4,816.8	481.8	401.4	5,700
Shri Manoj M. Chheda (WTD)	4,816.8	481.8	401.4	5,700
Smt. Hetal Gogri Gala (WTD)	4,816.8	481.8	401.4	5,700
Shri Kirit R. Mehta (WTD)	3,380.4	337.9	281.7	4,000
Shri Renil R. Gogri (WTD)	4,056.0	406.0	338.0	4,800

RESOLVED FURTHER THAT except the change as stated hereinabove, other terms & conditions of the principal agreement with them shall remain unchanged.

RESOLVED FURTHER THAT the Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of Companies Act 2013 ('Act') and

the rules made thereunder read with Schedule IV of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), and as per the recommendation of Nomination and Remuneration Committee which was approved by the Board, Shri Radheshyam Sobhraj Rohra (DIN: 00163318), who was appointed as an Additional Director in the category of Independent Director be and is hereby appointed as an Independent Director to hold office for a period of (5) five years with effect from December 21, 2017.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of Companies Act 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), and as per the recommendation of Nomination and Remuneration Committee, Prof. Ganapati D. Yadav (DIN: 02235661), Independent Director of the Company be and is hereby re-appointed as such to hold office for a period of (5) five years with effect from September 24, 2018.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of Companies Act 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

2015 (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), and as per the recommendation of Nomination and Remuneration Committee Smt. Priti P. Savla (DIN: 00662996), Independent Director of the Company be and is hereby re-appointed as such to hold office for a period of (5) five years with effect from September 24, 2018.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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 Section 188 of the Companies Act 2013 read with rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 and other applicable provisions, if any, a consent of the Company be and is hereby accorded for Shri Nikhil P. Desai, to hold and continue to hold an office of profit in the Company, on the terms and conditions as set out in the revised letter of appointment to be issued by the Company.

RESOLVED FURTHER THAT the Managing Directors Shri Rajendra V Gogri and Shri Rashesh C. Gogri be and are hereby severally authorised to alter, vary and communicate, time to time, the terms of appointment / re-appointment subject to maximum remuneration up to ₹ 50 lakhs per annum.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to provisions of Section 188 of the Companies Act 2013 read with rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 and other applicable provisions, if any, a consent of the Company be and is hereby accorded for Shri Mirik R. Gogri, to hold and continue to hold an office of profit in the Company, on the terms and conditions as set out in the revised letter of appointment to be issued by the Company.

RESOLVED FURTHER THAT the Managing Director Shri Ramesh C. Gogri be and is hereby authorised to alter, vary and communicate, time to time, the terms of appointment / re-appointment subject to maximum remuneration up to ₹ 40 lakhs per annum.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the 32nd Annual General Meeting held on September 24, 2015 and pursuant to Section 180(1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board") to borrow any sum or sums of money/ies, from time to time, notwithstanding that money so borrowed together with the money/ies already borrowed by the Company (apart from temporary loans obtained/to be obtained from the Company's bankers, including and not limited to working Capital Loans, in the ordinary course of business), and outstanding at any point of time, may exceed the aggregate of the paid-up share capital of the Company and its free reserves including Securities premium, that is to say, reserves not set apart for any specified purpose, provided that the total amount so borrowed by the Board shall not exceed ₹ 3,500 Crores (Rupees Three Thousand Five Hundred Crores only).

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

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

"RESOLVED THAT pursuant to Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014,

(including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Ketki D. Visariya, Cost Accountant (Membership Number 16028), being the Cost Auditor appointed by the Board of Directors of the Company to conduct audit of the cost records and related books maintained by the Company in respect of Organic and Inorganic Chemicals, Bulk Drugs and Fertilizers for Financial Year 2018-19 on a remuneration of ₹ 5,00,000/- (Rupees Five Lakh only) per annum plus Tax as applicable, and reimbursement of out of pocket expenses incurred by her in connection with aforesaid Audit be and is hereby ratified and confirmed."

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

"RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013 rules made thereunder including any statutory modification(s) or re-enactment thereof, Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 Shri Shantilal T. Shah, (DIN: 00004850) Non-Executive Director of the Company, aged 79 years, who is liable to retire by rotation in this 35th Annual General Meeting of the Company, and being eligible, offer himself for re-appointment, be and is hereby re-appointed and the Consent of the Company be and is hereby further accorded for him to continue as such on and after April 1, 2019."

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

"RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013 rules made thereunder including any statutory modification(s) or re-enactment thereof, Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Company be and is hereby given for continuation of directorship by Shri Ramdas M. Gandhi, (DIN: 00029437), Non-Executive and Independent Director of the Company, aged 85 years, on and after April 1, 2019."

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

"RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013 rules made thereunder including any statutory modification(s) or re-enactment thereof, Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Company be and is hereby given for continuation of directorship by Shri K.V.S. Shyam Sunder (DIN: 00502621) Non-Executive and Independent Director of the Company, aged 76 years, on and after April 1, 2019."

By order of the Board

Raj Sarraf

Place: Mumbai
Date: August 16, 2018

Company Secretary
ICSI M. NO. A15526

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% (ten percent) of the total share capital of the Company. Further, a Member holding more than 10% (ten percent), of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of meeting.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business at Item Nos. 5 to 15 above is annexed hereto and forms part of the Notice.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 14, 2018 to

September 21, 2018 (both days inclusive) for the purpose of AGM.

5. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m., up to the date of the AGM.
6. Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited, immediately of any change in their address and bank details. Members holding shares in dematerialised form are requested to intimate all changes with respect to their address, bank details, mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the Members.
7. Members holding shares in dematerialized form are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code) and Permanent Account Number (PAN) with their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's RTA as the same is mandated by the Securities and Exchange Board of India.
8. Queries on accounts may please be sent to the Company 10 days in advance of the Annual General Meeting so that the answers may be made available at the meeting.
9. The Company has transferred unclaimed amounts of Final Dividend, for the year 2009-10 and Interim Dividend for the year 2010-11 to the Investor Education and Protection Fund as required under Sections 124 and 125 of the Companies Act, 2013.
10. The Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 34th Annual General Meeting (AGM) held on 27th September, 2017, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.aarti-industries.com.

The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more in the name of Demat Account of the Investor Education and Protection Fund (IEPF) Authority. The Company has communicated individually, to the

concerned shareholders whose shares are liable to be transferred to the Demat Account of IEPF Authority under the said rules and also notice for the same was published in Financial Express in (English) edition and (Gujrati) edition published from Ahmedabad for taking appropriate action(s). The Company has uploaded full details of such shareholders and shares due for transfer to Demat Account of IEPF Authority on its website at www.aarti-industries.com under "Investors Section".

11. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to provide their e-mail addresses to the M/s. Link Intime India Private Limited (RTA) sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investorrelations@aarti-industries.com.
12. Copies of the Annual Report 2017-18 are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for 2017-18 are being sent by the permitted mode.
13. Members/Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
14. Voting Options

(1) Voting through Electronic Means

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, and the provisions of Regulation 44 of the listing Regulations the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means.

The voting instructions as under:-

- (i) The voting period begins on Tuesday, September 18, 2018 at 9:30 a.m. and ends on Thursday, September 20, 2018 at 5:30 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 14, 2018 may cast

their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) Log on to the e-voting website www.evotingindia.com
- (iii) Click on Shareholders
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password

field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of the Company Name on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

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

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

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
- (B) The voting period begins on Tuesday, September 18, 2018 at 9:30 a.m. and ends on Thursday, September 20, 2018 at 5:30 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 14, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

(2) Voting at AGM:

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

OTHER INSTRUCTIONS

- I. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on September 14, 2018 are entitled to vote on the Resolutions, set forth in this Notice.
- II. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of September 14, 2018.
- III. A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.
- IV. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained

by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the meeting through ballot papers.

- V. CS Sunil M. Dedhia, Practicing Company Secretary (ICSI M. No. F3483) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- VI. The Scrutiniser shall, immediately after the conclusion of voting at general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 3 days of conclusion of the meeting submit a consolidated scrutiniser report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.
- VII. The results along with the Scrutinisers Report shall be placed on the website of the Company and on the website of CDSL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

By order of the Board

Raj Sarraf

Company Secretary
ICSI M. NO. A15526

Place: Mumbai
Date: August 16, 2018

Annexure to the Notice

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

ITEM NO. 5

The Nomination and Remuneration Committee of the Board in its meeting held on May 10, 2018, has evaluated performance of the executive directors and in accordance with Company's performance and Industry norms, recommended revision in the remuneration as stated in the table below;

Name of Directors	per annum (Amount in Thousand Rupees)			
	Basic	HRA	Bonus	Total
Shri Rajendra V. Gogri (CMD)	5,580.0	555.0	465.0	6,600
Shri Rashesh C. Gogri (VC & MD)	5,580.0	555.0	465.0	6,600
Shri Parimal H. Desai (WTD)	4,816.8	481.8	401.4	5,700
Shri Manoj M. Chheda (WTD)	4,816.8	481.8	401.4	5,700
Smt. Hetal Gogri Gala (WTD)	4,816.8	481.8	401.4	5,700
Shri Kirit R. Mehta (WTD)	3,380.4	337.9	281.7	4,000
Shri Renil R. Gogri (WTD)	4,056.0	406.0	338.0	4,800

In line with the regulatory requirements, subject to approval of the members, revised remuneration shall be effective from April 1, 2018, while other terms & conditions of the principal agreement with them shall remain unchanged.

Your Directors recommend the proposal for your approval as an Ordinary Resolution.

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

ITEM NO. 6

Shri Radheshyam Sobhraj Rohra is Bachelor in Technology (Chemical Engineering), Law and holding Post Graduate Diploma in Management, Computer Application & Patent Laws. His over three decades of experience, especially in Pharmaceuticals, includes working for global corporates, acting as entrepreneur, advisor and consultant. He has been keynote speaker at various pharmaceuticals summits and workshops. He has been appointed as an Additional Director (Independent Director) of the Company with effect from December 21, 2017. Pursuant to provisions of Section 161 of the Companies Act, 2013 Shri Radheshyam S. Rohra holds office upto the date of this Annual General Meeting. His continued association with the Company as a Director would be of a great advantage. The Nomination and Remuneration Committee has recommended his appointment.

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

Your Directors recommend the said resolution for your approval as an Ordinary Resolution.

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

ITEM NOS. 7 AND 8

Prof. Ganapati D. Yadav is Vice Chancellor of Institute of Chemical Technology (ICT). He has been appointed as an Independent Director of the Company since September 24, 2015.

Smt. Priti P. Savla is a practicing Chartered Accountant. She has been appointed as an Independent Director of the Company since September 24, 2015.

First term of directorship of both the Directors is expiring on September 23, 2018.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, and Regulation 16(b) read with Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force) they, being eligible, have offered themselves to be re-appointed as Independent Directors for a second term of 5 (five) years.

The Nomination and Remuneration Committee has evaluated the performance and recommended their re-appointment.

The Company has received from both the said Directors, consent in writing to act as director and declaration to the effect that they are not disqualified under Section 164(2) of the Companies Act, 2013 in prescribed Form DIR-2 and DIR - 8 respectively. Further, the Company has received from both the Directors, a declaration to the effect that they meet criteria of independence as provided in Section 149(6) of the said Act and that they have not been debarred from holding office of Director by virtue of any SEBI Order or any other such authority. Further, in terms of Sections 149 and 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors has reviewed the declaration made by both the said Directors in respect of meeting the criteria of independence as provided in Section 149(6) of the said Act and the Board is of opinion that they fulfill the relevant conditions specified in the said Act and the Rules made thereunder and are independent of the management.

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

Copies of the draft letters for appointment proposed to be issued to Prof. Ganapati D. Yadav and Smt. Priti P. Savla as an Independent Director setting out the terms and conditions thereof are available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days between 11.00 a.m. to 1.00 p.m., up to the date of this Annual General Meeting.

The resolutions proposed at Item Nos. 7 and 8 of the accompanying Notice, seek the approval of the members for appointment each of the said Directors as an Independent Director of the Company, not liable to retire by rotation for a period of 5 (five) years with effect from September 24, 2018 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

Your Directors recommend the said resolutions for your approval as a Special Resolutions.

None of the other Directors except Prof. Ganapati D. Yadav and Smt. Priti P. Savla and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolutions.

ITEM NO. 9

Shri Nikhil P. Desai has been holding office of profit under the Company presently as General Manager-Business Development.

He is a Master of Science in Telecommunications & Networking and holds a Business Management degree from USA. He has

worked as IT Technical Lead, Project Manager, Technical Sales with various Companies in USA and has an experience of 9 years in the field of Information Technology Project Management, Technical Sales, Vendor Management, Team Building, Process Improvement, Business Strategy, Change Management etc. Presently, Shri Nikhil P. Desai is handling portfolio of Business Development for Contract Research and Manufacturing Services of the Company.

It is proposed to revise terms of his appointment/remuneration with effect from April 1, 2018 whereby monthly remuneration payable to him will increase beyond ₹ 2,50,000/- per month as set out in the draft letter of appointment to be issued to him.

The Managing Directors may determine increments including perquisites etc. from time to time or annually as may be considered appropriate subject to maximum remuneration of ₹ 50 lakhs per annum,

Under the provision of Section 188 of the Companies Act, 2013, consent of the Company by way of resolution is necessary for a relative of a Director to hold and continue to hold an office of profit under the Company carrying a monthly remuneration exceeding ₹ 2,50,000/-

In view of the business expediency, administrative convenience and to ensure due compliance of the applicable law, it is thus proposed to obtain consents of the Company as such for the payment of remuneration as aforesaid.

Your Directors recommend the resolution at Item No.9 of the Notice for your approval as an Ordinary Resolution.

Shri Parimal H. Desai being relative, considered as concerned or interested in the resolution. None of the other Directors and Key Managerial Personnel of the Company is, in any way, concerned or interested in the said resolution.

ITEM NO. 10

Shri Mirik R. Gogri has been holding office of profit under the Company presently as Manager-Corporate Planning.

Shri Mirik Gogri has a Dual Degree in Metallurgical engineering and Material Science from IIT Bombay. He has been working with the organisation since August, 2013, as a part of the corporate planning team. His role includes identifying new products and business opportunities and coordinating with the customers and operations team to fulfill these opportunities. He is also looking into the up-gradation of the R&D and Pilot facilities in the chemical division.

It is proposed to revise terms of his appointment/remuneration with effect from April 1, 2018 whereby monthly remuneration

payable to him will increase beyond ₹ 2,50,000/- per month as set out in the draft letter of appointment to be issued to him.

The Vice Chairman and Managing Director, Shri Rashesh C. Gogri, may determine increments including perquisites etc. from time to time or annually as may be considered appropriate subject to maximum remuneration of ₹ 40 lakhs per annum,

Under the provision of Section 188 of the Companies Act, 2013, consent of the Company by way of resolution is necessary for a relative of a Director to hold and continue to hold an office of profit under the Company carrying a monthly remuneration exceeding ₹ 2,50,000/-

In view of the business expediency, administrative convenience and to ensure due compliance of the applicable law, it is thus proposed to obtain consents of the Company as such for the payment of remuneration as aforesaid.

Your Directors recommend the resolution at Item No.10 of the Notice for your approval as an Ordinary Resolution.

Shri Rajendra V. Gogri and Shri Renil R. Gogri, being relatives are considered as concerned or interested in the resolution. None of the other Directors and Key Managerial Personnel of the Company is, in any way, concerned or interested in the said resolution.

ITEM NO. 11

The members of the Company, at the 32nd Annual General Meeting held on September 24, 2015, had accorded their consent to borrow funds up to an amount of ₹ 2,500 Crores (Rupees Two Thousand Five Hundred Crores Only) over and above the aggregate of paid up share capital and free reserves of the Company.

Pursuant to Section 180 of the Companies Act, 2013 prior consent of the Company is required by way of a special resolution to borrow funds, apart from temporary loans obtained from the company's bankers in the ordinary course of business, exceeding aggregate of the paid up share capital and free reserves including Securities Premium Account of the Company. Having regard to the growth in the operations and ongoing capital expenditure plans, it is necessary to augment long terms funds required by the Company. It is, therefore, proposed to obtain consent of the members by way of a Special Resolution under Section 180 and other applicable provisions of the Companies Act, 2013, to increase the borrowing powers of the Board of Directors as set out in the draft resolution proposed at Item No. 11 of the accompanying Notice to ₹3,500 Crores (Rupees Three Thousand and Five Hundred Crores only).

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

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

ITEM NO. 12

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor to audit the Cost records for the financial year 2018-19 was recommended by the Audit Committee to the Board. The Board thereby re-appointed Smt. Ketki Damji Visariya (Membership Number 16028) Cost Accountant, as Cost Auditor at the Board Meeting held on May 11, 2018 on remuneration of ₹ 5,00,000/- per annum plus taxes as applicable. Certificate dated May 7, 2018 issued by Smt. Ketki Damji Visariya regarding her eligibility for appointment as Cost Auditor is available for inspection at the registered office of the Company during 11:00 a.m. to 1:00 p.m. on working days.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the Shareholders. Hence this resolution is put for the consideration of the shareholders. Your Directors recommend the said resolution for your approval. None of the Directors and Key Managerial Personnel of the Company or their relatives is, in anyway concerned or interested, financially or otherwise, in the said resolution.

ITEM NOS. 13, 14 AND 15

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), with effect from 1st April, 2019, no listed Company shall appoint or continue the Directorship of a Non-Executive Director who has attained the age of 75 years, unless a special resolution is passed to that effect and justification thereof is indicated in the explanatory statement annexed to the Notice for such appointment.

Shri Shantilal T. Shah, (DIN: 00004850), aged 79 years, is a Non-executive Director, promoter and presently acting as Vice-Chairman of the Company. He is liable to retire by rotation in this 35th Annual General Meeting of the Company, and being eligible, offer himself for re-appointment. Shri Shantilal Shah has degree in Commerce and a very rich experience of over 50 years in marketing, finance, banking and administration. He is still active and supporting in banking activities of the Company proficiently. His continued association would be advantageous to the Company. In line with the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your directors recommend his continuation beyond April 1, 2019.

Shri Ramdas M. Gandhi (DIN: 00029437), aged 85 years, was appointed as Non-Executive Independent Director of the Company under Section 149 and 152 of the Companies Act, 2013 read with Schedule IV attached thereto and Rules made there under, for a term of 5 (five) consecutive years with effect from September 27, 2017. He has over 50 years of rich experience in legal and has been very effective solicitor. His guidance on matters related to Corporate Laws has been notable and supportive to the Company in dealing with complex matters. His continued association would be advantageous to the Company. In line with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations (Amendment), 2018 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your directors recommend his continuation beyond April 1, 2019 and until expiry of his term on September 26, 2022.

Shri K.V.S. Shyam Sunder (DIN: 00042099), aged 76 years, a Chartered Accountant and avid banker with an enriched experience of four decades is a Non-Executive and Independent Director of the Company. Besides acting as partner in SGCO & Co., LLP, Chartered Accountants, he is a member of the board of directors of few Companies. His ideas on good corporate governance practices add lot of value in setting high standards in the Company. His continued association would be advantageous to the Company. In line with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your directors recommend his continuation beyond April 1, 2019 and until expiry of his term on September 23, 2019.

The Board of Directors is of the opinion that Shri Shantilal T. Shah, Shri Ramdas M. Gandhi and Shri K.V.S. Shyam Sunder are persons of integrity; possess relevant expertise and vast experience. Their association as non-executive directors will be beneficial and in the best interest of the Company. Their

presence on the Board of the Company adds more value and gives confidence to the Board in its decisions. Moreover, under their able guidance the Company has delivered good payoffs to all stakeholders in the form of improved valuations, sound governance practices, good dividend, etc. Further, their association supports a good balance in the composition of the Board.

Shri K.V.S. Shyam Sunder and Shri Ramdas M. Gandhi meet the criteria on Independence as prescribed under the Companies Act, 2013 and the SEBI Regulations. Further, they have also confirmed that they are not disqualified from being appointed as Director under Section 164 of the Companies Act, 2013.

A brief resume of the said Directors, the nature of their expertise in specific functional areas, names of Companies in which they have held Directorships, Committee Memberships/ Chairmanships, their shareholding etc., are annexed hereto.

The Board of Directors recommends the special resolutions as set out at Item No. 13, 14 & 15 for your approval. The said Directors are not related to any of the Directors or Key Managerial Personnel (including relatives of Directors or Key Managerial Personnel) of the Company in terms of Section 2(77) of the Companies Act, 2013. None of the Directors and Key Managerial Personnel of the Company (including relatives of Directors or Key Managerial Personnel) other than the respective Non-Executive Director himself is concerned or interested, financially or otherwise, in these resolutions.

By order of the Board

Raj Sarraf

Place: Mumbai
Date: August 16, 2018

Company Secretary
ICSI M. NO. A15526

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

PARTICULARS	Shri Radheshyam S. Rohra (DIN : 00163318)	Prof. Ganapati D. Yadav (DIN : 02235661)	Smt. Priti P. Savla (DIN : 00662996)
DATE OF BIRTH AND AGE	April 12, 1956 (62 years)	September 14, 1952 (65 years)	September 13, 1977 (40 years)
APPOINTED ON	December 21, 2017	September 25, 2014	September 25, 2014
QUALIFICATIONS	Bachelor in Technology (Chemical Engineering) & Law, and holding Post Graduate Diploma in Management, Computer Application & Patent Laws	FTWAS, FNA, FNASc, FRSC(UK), FICHEM (UK), FIICHE	B.Com., Chartered Accountant
EXPERIENCE AND EXPERTISE IN SPECIFIC FUNCTIONAL AREAS	He has over three decades of experience in Pharmaceuticals industry which includes working as CEO, MD, President and Country Manager for global corporates Ratiopharm, Teva, Actavis & Schweizerhall. Currently he is acting as entrepreneur, adviser, coach and consultant at Sunergy Partners	He presently holds the position of Vice Chancellor of Institute of Chemical Technology (ICT). With numerous honours and distinctions for his contributions to green chemistry and engineering, catalysis science and engineering, chemical reaction engineering, nanotechnology and energy engineering, he has authored over 300 original research papers in 51 cross-disciplinary international peer-reviewed journals.	She has more than 10 years of experience, she is a practicing Chartered Accountant and a partner in KPB & Associates, Chartered Accountants firm based in Mumbai & Thane. She is a qualified certificate holder in Entrepreneurs' Development Program from Indian School of Business, Hyderabad. Her core area of practice is Audit & Assurance, Internal Audits, Risk Mitigation and control Mechanism, Risk Management, Investigation, Project Finance.
DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTOR INTER-SE	NIL	NIL	NIL
DIRECTORSHIPS HELD IN PUBLIC COMPANIES OTHER THAN AARTI INDUSTRIES LIMITED	Medibios Laboratories Limited	NIL	Aarti Drugs Limited
MEMBERSHIPS/ CHAIRMANSHIPS OF COMMITTEES ACROSS PUBLIC COMPANIES OTHER THAN AARTI INDUSTRIES LIMITED	NIL	NIL	NIL
NO. OF SHARES HELD IN THE COMPANY	Nil	1200	NIL

Particulars	Shri Parimal H. Desai (DIN : 00009272)	Shri Shantilal T. Shah (DIN : 00004850)
Date of birth and age	May 29, 1949 (69 years)	December 28, 1938 (79 years)
Appointed on	September 28, 1984	April 25, 1990
Qualifications	Chemical Engineer from UDCT (now known as ICT).	B.Com.

Particulars	Shri Parimal H. Desai (DIN : 00009272)	Shri Shantilal T. Shah (DIN : 00004850)
Experience and expertise in specific functional areas	He has more than 34 years' experience in Development and project implementation in the Chemical industry.	He has over 50 years of experience in marketing, finance and administrative function in chemical Industry. Currently he is Non-executive Vice Chairman of the Company.
Disclosure of Relationships between Director inter-se	Nil	NIL
Directorships held in public companies other than Aarti Industries Limited	Aarti Corporate Services Limited	Aarti Corporate Services Limited Nascent Chemical Industries Limited Aarti Ventures Limited
Memberships/Chairmanships of committees across public companies other than Aarti Industries Limited	Nil	NIL
No. of shares held in the Company	309304	1715294

Particulars	Shri Ramdas M. Gandhi (DIN : 00029437)	Shri K.V.S. Shyam Sunder (DIN : 00502621)
Date of birth and age	March 14, 1933 (85 years)	July 29, 1942 (76 years)
Appointed on	January 29, 1990	September 23, 2008
Qualifications	Master's Degree in Law from Mumbai University	B.Com, Chartered Accountant
Experience and expertise in specific functional areas	He is an advocate & solicitor and is practising in the Bombay High Court since more than 55 years. He is a corporate lawyer and has extraordinary experience in commercial law, corporate law and more.	He is a Chartered Accountant and avid banker with an enriched experience of four decades is a Non-Executive and Independent Director of the Company. Besides acting as partner in SGCO & Co., LLP, Chartered Accountants.
Disclosure of Relationships between Director inter-se	NIL	NIL
Directorships held in public companies other than Aarti Industries Limited	Vinyl Chemicals (India) Ltd. Unichem Laboratories Ltd. Aarti Drugs Ltd.	Ladderup Finance Ltd.
Memberships/Chairmanships of committees across public companies other than Aarti Industries Limited	Audit Committee: Aarti Drugs Ltd. – Chairman Vinyl Chemicals (India) Ltd. – Chairman Unichem Laboratories Ltd. – Member Stakeholders Relationship Committee Unichem Laboratories Ltd. – Chairman Vinyl Chemicals (India) Ltd. – Member Nomination Remuneration Committee: Vinyl Chemicals (India) Ltd. – Member Unichem Laboratories Ltd. – Member Aarti Drugs Ltd. – Member	Audit Committee: Ladderup Finance Ltd.- Member Stakeholders Relationship Committee: Ladderup Finance Ltd.- Chairman
No. of shares held in the Company	9532	NIL

Route Map to the Venue of Annual General Meeting





CIN: L24110GJ1984PLC007301

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

35th Annual General Meeting – Friday, September 21, 2018

Proxy Form

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

Name of the member(s):

Registered address:

E-mail Id:

Folio No./ Client Id: DP ID:

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

1. Name: Address:
E-mail Id: Signature: or failing him/her;
2. Name: Address:
E-mail Id: Signature: or failing him/her;
3. Name: Address:
E-mail Id: Signature: or failing him/her;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35th Annual General Meeting of the Company, to be held on the Friday, September 21, 2018 at 11:00 a.m. at Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat and at any adjournment thereof in respect of such resolutions as are indicated below

Resolution Number	Resolution	Optional*	
		For	Against
Ordinary Business			
1.	Adoption of Financial Statements for the year ended March 31, 2018.		
2.	Declare dividend for the financial year ended March 31, 2018.		
4.	Re-appointment of Shri Parimal H. Desai, who retires by rotation and being eligible, seeks reappointment.		
4.	Appointment of M/s Kirtane & Pandit LLP, Chartered Accountants as Statutory Auditors for a period of 4 (Four) years.		
Special Business			
5.	Variation in the terms of remuneration payable to Executive Directors.		
6.	Appointment of Shri Radheshyam Sobhraj Rohra as an Independent Director for a period of 5 (Five) years.		
7.	Re-appointment of Prof. Ganapati D. Yadav as an Independent Director for a period of 5 (Five) years.		
8.	Re-appointment of Smt. Priti P. Savla as an Independent Director for a period of 5 (Five) years.		
9.	Appointment of Related Party (Shri Nikhil P. Desai) at a Place of Profit with revised Remuneration.		
10.	Appointment of Related Party (Shri Mirik R. Gogri) at a Place of Profit with revised Remuneration.		
11.	Increased in Borrowing limits ₹ 3,500 Crore.		
12.	Ratification of the remuneration to be paid to Cost Auditor.		
13.	Approval for continuation of Shri Shantilal T. Shah as Director.		
14.	Approval for continuation of Shri Ramdas M. Gandhi as Director.		
15.	Approval for continuation of Shri K.V.S. Shyam Sunder as Director.		

Signed this day of2018

Affix a
Re. 1/-
Revenue
Stamp

Signature of Proxyholder(s) Signature of shareholder

Notes

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



CIN: L24110GJ1984PLC007301

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

Attendance Slip

35th Annual General Meeting - Friday, September 21, 2018

Shareholder Name

Sr. No.

Address

Folio No./Client ID, DP

No. of Shares

I/we hereby record my/our presence at the 35th Annual General Meeting of the Company at Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat on Friday, September 21, 2018 at 11:00 a.m.

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

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



CIN: L24110GJ1984PLC007301

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

Electronic Voting Particulars

EVEN (E-Voting Event Number)	USER ID	PASSWORD / PIN

Note: Please read instructions given at Note no. 14 of the Notice of the 35th Annual General Meeting carefully before voting electronically.



▲ CHEMEXCIL Trishul Award for outstanding export performance in FY 2016-17



▲ Jhagadia unit of Aarti won the SERB – IGCW 2017 award for incorporating principles of Green Chemistry into Manufacturing as well as for initiatives taken towards pollution prevention



BSE - 524208
NSE - AARTIIND
CIN - L24110GJ1984PLC007301

Registered Office:

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

Website: www.aarti-industries.com

Corporate Office:

71, 2nd Floor, Udyog Kshetra,
Mulund-Goregaon Link Road,
Salpa Devi Pada, Mulund West,
Mumbai - 400 080, Maharashtra