AARTI INDUSTRIES LIMITED

Ref. No.: AIL/B-38/2019/227
March 22, 2019

To,
National Stock Exchange of India Limited,
Exchange Plaza,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra East,
Mumbai 400 051
Scrip Code: AARTIIND

To,
BSE Limited,
Department of Corporate Services,
P.J. Towers,
Dalal Street,
Mumbai - 400 001

Scrip Code: 524208

Sub: Qualified institutions placement of equity shares of face value Rs. 5 each, (the "Equity Shares"), of Aarti Industries Limited, (the "Company"), pursuant to the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI ICDR Regulations") and Section 42 of the Companies Act, 2013, each as amended and the rules made thereunder ("QIP" or "Issue")

Dear Sir/Madam,

For your information and records, please find enclosed an electronic copy of the placement document dated March 22, 2019, in connection with the QIP, (in pdf format), approved by the duly authorized committee of the board of directors of the Company for the QIP, i.e. the Fund Raising Committee, at its meeting held today (i.e. March 22, 2019), for the purposes of uploading the same on your website.

We request you to upload the electronic copy of the placement document on your website.

Kindly take the above notification on record, and the same may be treated as compliance under applicable provision(s) of the SEBI ICDR Regulations.

Yours faithfully,

FOR AARTI INDUSTRIES LIMITED

AARTI INDUSTRIES LTD.

RAJ SARRAF
COMPANY SECRETARY
ICSI M. NO. A15526

Encl: as above

Placement Document
Not for Circulation
Serial Number: _____
Strictly Confidential

*Aarti Industries Limited ("**AIL**", the "**Issuer**" or our "**Company**") was originally incorporated as "Aarti Organics Private Limited" on September 28, 1984 under the Companies Act, 1956 with the Registrar of Companies, Gujarat ("**RoC**"). Our Company was converted into a public limited company on December 4, 1990 and its name was changed to "Aarti Organics Limited" and thereafter our Company's name was changed from "Aarti Organics Limited" to "Aarti Industries Limited" pursuant to a fresh certificate of incorporation dated October 11, 1994 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli*

Registered office: Plot No. 801, 801/23, GIDC Estate Phase III, Vapi, Gujarat- 396195, India
Corporate Office: 71, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai - 400 080, Maharashtra, India
CIN: L24110GJ1984PLC007301, **Telephone No.**: +91 22 6797 6666; **Facsimile No.**: +91 22 2565 3185/3234;
Contact Person: Mr. Raj Sarraf, Company Secretary and Compliance Officer**; Email:** investorrelations@aarti-industries.com; **Website**: www.aarti-industries.com

Our Company is issuing up to 53,68,647 equity shares of face value of ₹ 5 each (the "**Equity Shares**") at a price of ₹ 1,397.00 per Equity Share (the "**Issue Price**"), including a premium of ₹ 1,392.00 per Equity Share, aggregating up to ₹ 750.00 crores (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 38.

ISSUE IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, EACH AS AMENDED, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER THE SEBI ICDR REGULATIONS ("QIBs") IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS AND SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, EACH AS AMENDED. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QIBs. THE PRELIMINARY PLACEMENT DOCUMENT (WHICH INCLUDES DISCLOSURES PRESCRIBED UNDER FORM PAS-4) HAS BEEN CIRCULATED ONLY TO SUCH QIBs WHOSE NAMES WERE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THIS ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND/OR OTHER JURISDICTIONS.

INVESTMENTS IN THE EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 45 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE EQUITY SHARES IN THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT.

The Equity Shares are listed on BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**", and together with the BSE, referred to as the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on the BSE and the NSE on March 15, 2019 was ₹ 1,417.10 and ₹ 1,424.55 per Equity Share, respectively. In-principle approvals under Regulation 28(1) of the SEBI LODR Regulations (as hereinafter defined) for listing of the Equity Shares have been received from the BSE and the NSE on March 18, 2019. Applications to the Stock Exchanges will be made for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed and/or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

A copy of the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as hereinafter defined)) has been delivered to the Stock Exchanges, and a copy of this Placement Document (which includes disclosures prescribed under Form PAS-4) has also been delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Gujarat at Ahmedabad (the "**RoC**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, each as amended. This Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has not been and will not be registered as a prospectus with the registrar of companies in India and will not be circulated or distributed to the public in India or any other jurisdiction. The Issue is meant only for QIBs by way of a private placement and will not constitute a public offer in India or any other jurisdiction.

Invitations for subscription, offer and sale of the Equity Shares to be issued pursuant to this Issue shall only be made pursuant to the PPD cum Application Form together with the Placement Document and Confirmation of Allocation Note (as hereinafter defined). For further details, see "*Issue Procedure*" on page 180. The distribution of this Placement Document or the disclosure of its contents without prior consent of our Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document and/or any of the documents referred to in this Placement Document.

The information on the website of our Company www.aarti-industries.com or any website directly or indirectly linked to our Company's website, or the website of the Global Coordinators & Book Running Lead Managers or their affiliates does not form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

The Equity Shares offered in this Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions (as defined in Regulation S under the Securities Act ("Regulation S")) in reliance on Regulations S and the applicable laws of the jurisdiction where those offers and sales are made. For a description of the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 192. The Equity Shares are transferrable only in accordance with the restrictions described in "*Transfer Restrictions*" on page 198.

Our Company has prepared this Placement Document solely for providing information in connection with the proposed Issue.

This Placement Document is dated March 22, 2019

GLOBAL COORDINATORS & BOOK RUNNING LEAD MANAGERS	
Edelweiss Ideas create, values protect	IIFL
Edelweiss Financial Services Limited	**IIFL Holdings Limited**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to our best knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company, its Subsidiaries and the Equity Shares which is material in the context of this Issue. The statements contained in this Placement Document relating to our Company, its Subsidiaries and the Equity Shares are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company, its Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Company, its Subsidiaries and the Equity Shares, the omission of which would, in the context of this Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. The information contained in this Placement Document has been provided by our Company and other sources identified herein. Distribution of this Placement Document to any person other than the investor specified by the GCBRLMs or their representatives, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The GCBRLMs have not separately verified all the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the GCBRLMs nor any of its shareholders, employees, counsels, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the GCBRLMs or their shareholders, employees, counsels, officers, directors, representatives, agents or affiliates, as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with our Company and the issue of the Equity Shares or its distribution. Each person receiving this Placement Document acknowledges that such person has not relied on either the GCBRLMs or on any of their shareholders, employees, counsels, officers, directors, representatives, agents and/or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares, issued pursuant to this Issue. No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or the GCBRLMs. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs whose names are recorded by our Company prior to the invitation to subscribe to this Issue (in consultation with the GCBRLMs or its representatives) and those retained by QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document. The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the GCBRLMs which would permit an issue of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other Issue-related materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For further information, see "*Selling Restrictions*" on page 192.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including SEBI, the United States Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authority of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The Equity Shares offered in this Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described in "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 192 and 198, respectively. Subscribers of the Equity Shares will be deemed to make the representations, warranties, acknowledgements and agreements set forth in "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 5, 192 and 198, respectively.

In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, business, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Company nor the GCBRLMs are making any representation to any investor, or subscriber or purchaser of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares in this Issue, by such investor, or subscriber under applicable legal, investment or similar laws or regulations. Each subscriber of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian laws, including Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, and Chapter VI of the SEBI ICDR Regulations and is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares, or otherwise accessing the capital markets in India. Each investor, subscriber or purchaser of the Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

Our Company and the GCBRLMs are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Regulations and the QIB shall be solely responsible for compliance with the provisions of the Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

This Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents. All references herein to "you" or "your" is to the prospective investors of the Issue. The information on our Company's website, www.aarti-industries.com, any website directly and indirectly linked to the website of our Company or on the website of the GCBRLMs, or their affiliates, neither constitute nor form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information in relation to transfer or selling restrictions of the Equity Shares in certain other jurisdictions, see "*Selling Restrictions*" and "*Transfer Restrictions*" on page 192 and 198, respectively.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" are to the prospective investors in this Issue. By bidding for and/or subscribing to any Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreed with our Company and the GCBRLMs as follows:

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company or its Subsidiaries which is not set forth in this Placement Document;

- You (i) are a QIB (as defined hereinafter) and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, (ii) have a valid and existing registration under applicable laws and regulations of India, (iii) undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to you in accordance with Chapter VI of the SEBI ICDR Regulations, and (iv) undertake to comply with the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws, including in respect of reporting requirements, if any, in connection with the Issue or otherwise accessing the capital markets;

- If you are not a resident of India, but are a QIB, you are an Eligible FPI having a valid and existing certificate of registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution or an FVCI, and are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended ("**FEMA 20**"), and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities;

- If you are an Eligible FPI, you are investing in the Issue under the Foreign Portfolio Investment Scheme;

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges;

- You have made, or are deemed to have made, as applicable, the representations set forth under "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 192 and 198, respectively;

- You are aware that the Equity Shares issued pursuant to the Issue have not been and will not be registered through a prospectus under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India. This Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has been filed (and the Placement Document will be filed) with the Stock Exchanges and will be displayed on the websites of our Company and the Stock Exchanges. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- You agree that neither our Company nor the GCBRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions they may enter into in connection with this Issue and

your participation in this Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the GCBRLMs. Neither the GCBRLMs nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to this Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or this Issue; or (ii) if you have participated in or attended any of our Company Presentations: (a) you understand and acknowledge that the GCBRLMs may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the GCBRLMs has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information relating to our Company and this Issue that was not publicly available;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law including but not limited to the SEBI Insider Trading Regulations, the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the Companies Act, 2013, and the rules made thereunder;

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company's future financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. Neither our Company nor the GCBRLMs or any of their shareholders, directors, officers, employees, counsel's representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the public, or any other category of investors other than QIBs and the Allotment of the same shall be on a discretionary basis at the discretion of our Company and the GCBRLMs;

- You are aware that if you are Allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and SEBI, and you consent to such disclosures;

- You have been provided a serially numbered copy of this Placement Document and have read it in its entirety, including in particular "*Risk Factors*" on page 45;

- In making your investment decision, you have (i) relied on your own examination of our Company and the terms of this Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company, the Equity Shares and the terms of this Issue based solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company, its Directors, Promoters, and affiliates or any other party, (iii) consulted your own independent counsel and advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) relied solely on the information contained in this Placement Document and no other disclosure or representation by our Company, its Directors, Promoters and affiliates, or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in

respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in this Issue;

- Neither the GCBRLMs nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the GCBRLMs or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or the GCBRLMs or any of their shareholders, directors, officers, employees, counsels, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the GCBRLMs or any of their shareholders, directors, officers, employees, counsels, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with this Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) are seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and you have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment;

- When you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under Section 2(69) of the Companies Act, 2013 and the the SEBI ICDR Regulations) of our Company or any of its affiliates and are not a person related to the promoter, either directly or indirectly, and your Bid does not directly or indirectly represent the 'promoter' or 'promoter group' (as defined under the SEBI ICDR Regulations) or person related to promoters of our Company;

- You have no rights under a shareholders' agreement or voting agreement with the Promoter or the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares;

- You will have no right to withdraw your Bid after the Bid/Issue Closing Date;

- You are eligible to Bid and hold the Equity Shares Allotted to you pursuant to this Issue together with any Equity Shares held by you prior to this Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law or regulation;

- The Bid made by you would not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover**

Regulations");

- Your aggregate holding, together with other QIBs in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under this Issue shall not exceed 50 % of this Issue. For the purposes of this representation:

  (a) the expression 'belong to the same group' shall shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst a QIB, its subsidiary or holding company and any other QIB; and

  (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

- You are aware that the pre and post-Issue shareholding pattern of our Company will be filed by our Company with the Stock Exchanges, and that if you are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosure being made by us;

- You shall not undertake any trade in the Equity Shares credited to your Beneficiary Account until such time that the final listing and trading approvals for such Equity Shares is issued by the Stock Exchanges;

- You are aware that if our Company decides to allocate Equity Shares to you in the Issue, your name and your post-Issue shareholding (assuming full subscription in the Issue) will be included as a "proposed allottee" in the Issue in the Placement Document;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the SEBI LODR Regulations, for listing and admission of the Equity Shares on the Stock Exchanges were made and approval has been received from the Stock Exchanges, and (ii) the applications for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares will be obtained in time or at all. Neither our Company, nor the GCBRLMs, nor any of their shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final approval or any loss arising from such delay or non-receipt;

- You are aware and understand that the GCBRLMs has entered into a Placement Agreement with our Company, whereby the GCBRLMs has, subject to the satisfaction of certain conditions set out therein, agreed to manage this Issue and use its reasonable efforts to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;

- The contents of this Placement Document are exclusively the responsibility of our Company, and neither the GCBRLMs nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in this Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the GCBRLMs or our Company or any of their respective affiliates or any other person, and neither the GCBRLMs nor our Company nor any other person will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that the GCBRLMs and their affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with this Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

- You are eligible to invest in India under applicable laws, including the FEMA 20, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You agree that any dispute arising in connection with this Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

- You agree to indemnify and hold our Company and the GCBRLMs and their respective employees, officers, directors, affiliates, associates and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of representations, warranties, acknowledgements and undertakings made by you in this Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You are aware that additional requirements would be applicable if you are in jurisdictions other than India, as set forth under "*Selling Restrictions*" and "*Transfer Restrictions*" on page 192 and 198, respectively, of this Placement Document and you are entitled to acquire the Equity Shares under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in this Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in this Placement Document) and will honour such obligations;

- You are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S) and you understand and agree that offers and sales are being made only outside the United States in offshore transactions in reliance on Regulation S;

- You understand that the Equity Shares have not been and will not be registered under the Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws, and that the Equity Shares are only being offered, sold and delivered outside the United States in offshore transactions in reliance on Regulation S of the Securities Act and in compliance with the applicable laws of each jurisdiction where those offers and sales are made;

- You agree that each of the representations, warranties, acknowledgments and agreements set out above shall continue to be true and accurate at all times upto and including the Allotment, listing and trading of the Equity Shares issued pursuant to the Issue;

- You understand that the Equity Shares will when issued pursuant to the Issue, be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive all dividends and other distributions declared, made or paid in respect of the Equity Shares after the date of this Issue;

- Our Company, the GCBRLMs, and their respective affiliates and others, will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgments and undertakings, which are given by you to the GCBRLMs, on its own behalf and onbehalf of our Company and are irrevocable. You agree that the terms and provisions of the foregoing representations, warranties, acknowledgements and undertakings, shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be

enforceable by the GCBRLMs and the Company, their respective successors and permitted assigns, and the terms and provisions hereof shall be binding on our permitted successors in title, permitted assigns and permitted transferees.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended (**"SEBI FPI Regulations"**), FPIs (which include FIIs) other than Category III Foreign Portfolio Investors (as defined hereinafter) and unregulated broad based funds, which are classified as Category II Foreign Portfolio Investor (as defined under the SEBI FPI Regulations) by virtue of their investment manager, including the affiliates of the lead manager, being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) (all such offshore derivative instruments are referred to herein as **"P-Notes"**), for which they may receive compensation from the purchasers of such instruments. Further, in accordance with SEBI Circular No. CIR/IMD/FIIC/20/2014 dated November 24, 2014, FPIs are permitted to issue P-Notes to only those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations and which do not have any opaque structure(s), as defined under the SEBI FPI Regulations. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authority in the countries of their incorporation/establishment, subject to compliance with 'know your client' requirements. An FPI shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been, and are not being offered, or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the GCBRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the GCBRLMs and do not constitute any obligations of or claims on the GCBRLMs. Affiliates of the GCBRLMs, which are FPIs, may purchase the Equity Shares in the Issue, and may issue P-Notes in respect thereof, in each case to the extent permitted by applicable law.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority, nor our Company has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Also see "*Selling Restrictions*" and "*Transfer Restrictions*" on page 192 and 198, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document and this Placement Document;

(2) warrant that the Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, (a) references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in this Issue, (b) references to 'our Company, 'the Company', 'AIL', or the 'Issuer' are to Aarti Industries Limited, and (c) references to 'we', 'us', or 'our' are to Aarti Industries Limited and its Subsidiaries (together referred to as the "**Group**"), on a consolidated basis.

All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to the 'UK' or 'U.K.' are to the United Kingdom and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

Page Numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

Currency of Presentation

In this Placement Document, references to 'US$', 'USD' and 'U.S. Dollar' are to the legal currency of the United States of America, refernces to '£', 'Pound' and 'Pound Sterling' are to the legal currency of the United Kingdom and references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "lakh" or "lac" mean "100 thousand" and the word "million" means "10 lakhs" and the word "crore" means "10 million" or "100 lakhs" and the word "billion" means "1,000 million" or "100 crores".

Financial Data

We record and publish our financial statements in Indian Rupees. The financial year of our Company commences on April 1 of each year and ends on March 31 of the following year. Unless otherwise specified or if the context requires otherwise, all references to a particular 'Fiscal Year' or 'FY' or 'financial year' or 'fiscal' are to the 12 months period ended on March 31 of that year.

The Audited Consolidated Financial Statements of our Company as of and for the Fiscal Years ended (i) March 31, 2017 and March 31, 2018 prepared under Ind AS; and (ii) March 31, 2016 prepared under the Indian GAAP, have also been included in this Placement Document. Further, the Audited Standalone Financial Results for the nine month ended December 31, 2018, prepared under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, has also been included in this Placement Document. Unless otherwise specified and other than in "*Financial Statements*" on page 227, the financial information contained in this Placement Document (i) for Fiscal 2018 has been derived from our audited consolidated financial statements as at and for the year ended March 31, 2018; (ii) for Fiscal 2017 has been derived from our audited consolidated financial statements as at and for the year ended March 31, 2017; (iii) for Fiscal 2016 has been derived from the Audited Consolidated Financial Statement for Fiscal 2017, which also includes comparitive information for the Fiscal Year ended 2016, prepared under Ind AS; and (iv) for the nine month period ended December 31, 2018 has been derived from the Audited Standalone Financial Results of our Company.

In terms of a notification released by the MCA, our Company commenced preparing its financial statements in accordance with 'Indian Accounting Standards' or 'Ind AS' with effect from April 1, 2016 (transition date being April 1, 2015). Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and US GAAP and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Placement Document and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. The degree to which the financial information included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting

policies and practices, Ind AS, the Companies Act, 2013 and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, 2013, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Placement Document should accordingly be limited.

Figures in this Placement Document have been presented in crores or in whole numbers where the numbers have been too small to present in crore unless stated otherwise. One crore represents 1,00,00,000. Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

In this Placement Document, any discrepencies in the tables included herein between the amounts listed and the totals thereof are due to rounding-off of the figures. Accordingly, figures shown as totals in certain tables, may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information included in this Placement Document regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise, statistical information included in this Placement Document pertaining to the business in which we operate has been reproduced from trade, industry, and government publications and websites. We confirm that such information and data has been accurately reproduced, and that as far as they are aware and are able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, and so we have relied on internally developed estimates.

Neither we nor the GCBRLMs have independently verified this data, nor do we or the GCBRLMs make any representation regarding the accuracy of such data. Similarly, internal estimates and surveys, industry forecasts and market research, while believed to be reliable and reasonable, have not been independently verified and neither we or the GCBRLMs make any representation as to the accuracy and completeness of information based on trade, industry and government publications and websites, data reports complied by government bodies, professional organisations and analysts, or from other external sources.

Information has been included in this Placement Document from the report titled "Assessment of speciality chemicals industry in India" dated March 2019 (the "**CRISIL Report**") prepared by CRISIL Research, a division of CRISIL Limited, for the purpose of confirming our understanding of the industry in connection with the Issue. In this regard CRISIL has issued the following disclaimer in relation to the information contained in the CRISIL Report, which is also included in this Placement Document:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Aarti Industries Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors"* on page 45. Accordingly, investment decisions should not be based solely on such information.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. These statements express views of the management of our Company and expectations based upon certain assumptions regarding trends in the Indian and international financial markets and regional economies, the political climate in which our Company operates and other factors. Prospective investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, planned revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements including, amongst others:

- Dependence on our manufacturing facilities, and the risks associated with our manufacturing process;
- Increase in the cost of, or a shortfall in the availability or quality of raw materials;
- Exchange rate fluctuations;
- Failure to obtain or retain licenses or approvals, in a timely manner, for undertaking our businesses;
- Failure to obtain additional financing on terms commercially acceptable to us;
- Our dependence on our key personnel, including our Directors and senior management; and
- Inability to accurately forecast demand or price for our products, and manage our inventory.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under "*Risk Factors*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 45, 101, 140 and 83, respectively. Our Company and the GCBRLMs expressly disclaim any obligation or undertaking to release publically any updates or revision to any forward looking statements contained herein to effect any changes in our Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statements are based.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither our Company, nor the GCBRLMs undertakes any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference

to these cautionary statements. The forward-looking statements appear in a number of places throughout this Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. All the Directors and the senior management named herein are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code (as defined below), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

Under Section 14 of the Civil Procedure Code, a court in India shall upon the production of any document purporting to be a certified copy of a foreign judgement, presume that the judgement was pronounced by a court of competent jurisdiction, unless the contrary appears on record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government of India has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards. Furthermore, the execution of the foreign decree under Section 44A of the Civil Procedure Code is also subject to the exceptions under Section 13 of the Civil Procedure Code, as mentioned above.

Each of the territories of the United Kingdom of Great Britian and northen Ireland, Republic of Singapore and Hong Kong, amongst others, have been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. Such a suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or repatriate outside India any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and any such amount may be subject to income tax in accordance with applicable laws. We cannot assure that Indian courts and/or authorities would not take a longer amount of time to adjudicate and conclude similar proceedings in their respective jurisdictions.

EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on Equity Shares.

On March 15, 2019, the exchange rate (the RBI reference rate) was ₹ 69.21 to USD 1. (*Source:* www.fbil.org.in)

The following tables set forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. Dollar (in Rupees per U.S. Dollar) and the Rupee and the Pound (in Rupees per Pound). The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI until July 24, 2018 and subsequently by the FBIL for a period post July 24, 2018, which are available on the website of the FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. Dollar and Pound, respectively, at any particular rate, the rates stated below, or at all.

Exchange Rate (₹ Per U.S. Dollar)				
	Period end	**Average[(1)]**	**High[(2)]**	**Low[(3)]**
Fiscal Year:				*(₹ Per USD)*
2018	65.04	64.45	65.76	63.35
2017	64.84	67.09	68.72	64.84
2016	66.33	65.46	68.78	62.16
Quarter ended:				
December 31, 2018	69.79	72.11	74.39	69.66
September 30, 2018	72.55	70.18	72.81	68.30
June 30, 2018	68.58	67.04	68.94	64.93
Month ended:				
February 28, 2019	71.20	71.22	71.75	70.55
January 31, 2019	71.03	70.73	71.38	69.48
December 31, 2018	69.79	70.73	72.04	69.79
November 30, 2018	69.66	71.85	73.83	69.66
October 31, 2018	73.99	73.63	74.39	72.80
September 30, 2018	72.55	72.22	72.81	70.77

Exchange Rate (₹ Per Pound)				
	Period end	**Average[(1)]**	**High[(2)]**	**Low[(3)]**
Fiscal Year:				*(₹ Per Pound)*
2018	92.28	85.47	92.28	79.86
2017	80.88	87.71	99.47	80.06
2016	95.09	98.76	105.1	91.06
Quarter ended:				
December 31, 2018	88.55	92.75	98.3	88.5
September 30, 2018	94.91	91.34	95.77	88.19
June 30, 2018	89.93	91.16	94.21	89.14
Month ended:				
February 28, 2019	94.70	92.67	94.70	91.13
January 31, 2019	93.24	91.16	93.82	88.26
December 31, 2018	88.55	89.58	90.91	88.55
November 30, 2018	89.08	92.62	95.30	89.08
October 31, 2018	94.10	95.87	98.30	94.05

Exchange Rate (₹ Per Pound)				
	Period end	**Average[(1)]**	**High[(2)]**	**Low[(3)]**
September 30, 2018	94.91	94.19	95.77	91.36

Notes:

(1) Average of the closing official rate for each working day of the relevant period.

(2) Maximum of the closing official rate for the relevant period.

(3) Minimum of the closing official rate for the relevant period.

(4) In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.

(Source: www.rbi.org.in (for a period prior up to July 24, 2018) and www.fbil.org.in (for a period post July 24, 2018))

DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Placement Document using certain definitions and abbreviations which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any statute or regulations or policies shall include amendments made thereto, from time to time.

Company Related Terms

Term	Description
"Company" or "our Company" or "Issuer" or "AIL"	Aarti Industries Limited, a public limited company, incorporated under the Indian Companies Act, 1956 and having its registered office at Plot No. 801, 801/23, GIDC Estate Phase III, Vapi, Gujarat- 396195, India
"us", "we" or "our"	Our Company together with its Subsidiaries
Articles/Articles of Association	Articles of association of our Company as amended from time to time
Audit Committee	The audit committee of the Board of Directors of our Company
Audited Consolidated Financial Statements	Collectively, the audited consolidated financial statements for the Fiscal Years ended (i) March 31, 2018, read along with all the notes thereto, prepared under Ind AS; (ii) March 31, 2017 read along with all the notes thereto, prepared under Ind AS; and (iii) March 31, 2016 prepared under the Indian GAAP
Audited Standalone Financial Results	The audited standalone financial information as of and for the nine-month period ended December 31, 2018 prepared pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
Auditor/Statutory Auditor	The statutory auditor of our Company, M/s Kirtane & Pandit LLP, Chartered Accountants, Firm Registration No. 105215W/ W100057
Board/Board of Directors	The board of directors of our Company or duly constituted committee thereof
Corporate Office	71, Udyog Kshetra, 2nd Floor,Mulund - Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai- 400 080, Maharashtra, India
Directors	The directors of our Company
Equity Shares	Equity shares of our Company having face value of ₹ 5 each
Erstwhile Statutory Auditor	The erstwhile statutory auditor of our Company, Gokhale & Sathe, Chartered Accountants, Firm Registration No. 103264W
Key Management Personnel	Key management/ managerial personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013 and as disclosed in "*Board of Directors and Senior Management*" on page 157.
Memorandum/Memorandum of Association	Memorandum of association of our Company, as amended from time to time
Promoters	The Promoters of our Company being: 1. Chandrakant Vallabhaji Gogri; 2. Rajendra Vallabhaji Gogri; 3. Shantilal Tejshi Shah; and 4. Parimal Hasmukhlal Desai
Promoter Group	Promoter group of our Company as defined in Regulation 2(1)(pp) of the SEBI ICDR Regulations
Project Report I	The report titled "Pre- Feasibility Report on Proposed Project of Manufacturing of Organic Chemicals of Aarti Industries Limited (Unit-II)" prepared by M-Tech Services LLP in connection with the project located in Dahej SEZ, Bharuch District, Gujarat

Term	Description
Project Report II	The report titled "Pre- Feasibility Report on Proposed Project of Manufacturing of Organic Chemicals of Aarti Industries Limited (Unit-III)" prepared by M-Tech Services LLP in connection with the project located in Dahej SEZ, Bharuch District, Gujarat
Project Reports	Project Report I and Project Report II
Registered Office	Plot No. 801, 801/23, GIDC Estate Phase III, Vapi, Gujarat- 396195, India
Shareholders	The holders of the Equity Shares from time to time
Subsidiaries	The subsidiaries of our Company being: 1. Aarti Corporate Services Limited; 2. Alchemie (Europe) Limited; 3. Innovative Envirocare Jhagadia Limited; 4. Ganesh Polychem Limited; 5. Aarti USA Inc.; 6. Aarti Polychem Private Limited; 7. Arti Surfactants Limited; 8. Nascent Chemical Industries Limited (through Aarti Corporate Services Limited); and 9. Shanti Intermediates Private Limited (through Aarti Corporate Services Limited)

Issue Related Terms

Term	Description
Allocated/Allocation	The allocation of Equity Shares, following the determination of the Issue Price to the QIBs on the basis of the PPD cum Application Form submitted by them, by our Company, in consultation with the GCBRLMs and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot/Allotment/Allotted	Issue and allotment of Equity Shares pursuant to this Issue
Allottees	QIBs to whom Equity Shares are issued and Allotted pursuant to this Issue
Application Form	The form (including any revisions thereof) pursuant to which QIB submitted a Bid for the Equity Shares in this Issue
Bid(s)	Indication of interest of a QIB, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares pursuant to this Issue
Bid Amount	The price per Equity Share indicated in the bid multiplied by the number of Equity Shares Bid for by such QIB and payable by the QIB in the Issue
Bid/Issue Closing Date	March 22, 2019, which is the last date up to which the Application Form shall be accepted by our Company (or the GCBRLMs on behalf of our Company)
Bid/Issue Opening Date	March 18, 2019, which is the date on which our Company (or the GCBRLMs on behalf of our Company) commenced the acceptance of duly completed Application Form for this Issue
Bid/Issue Period/ Bidding Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revision thereof
Bidder	Any prospective investor, a QIB, who made a Bid pursuant to the terms of the PPD cum Application Form
Global Coordinators & Book Running Lead Managers/ GCBRLMs	Edelweiss Financial Services Limited and IIFL Holdings Limited
CAN/Confirmation of Allocation Note	Note or advice or intimation sent only to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price

Term	Description
Closing Date	The date on which Allotment of Equity Shares pursuant to this Issue shall be made, i.e. on or before March 25, 2019
Designated Date	The date of credit of the Equity Shares to the successful Bidders demat account, as applicable to the respective successful Bidders
Escrow Account	The non-interest bearing, no-lien, current bank account entitled "*Aarti Industries Ltd - QIP Escrow A/c*" with regard to any money received towards the subscription of the Equity Shares, opened with the Escrow Bank, subject to the terms of the Escrow Agreement
Escrow Agreement	Agreement dated March 18, 2019, entered into amongst our Company, the Escrow Bank and the GCBRLMs for collection of the bid amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	Axis Bank Limited, with which the Escrow Account has been opened
Floor Price	The floor price of ₹ 1,469.65 which has been calculated in accordance with Regulation 176 of Chapter VI of the SEBI ICDR Regulations. Our Company has offered a discount of 4.94% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations
Issue	The offer, issue and Allotment of 53,68,647 Equity Shares of face value of ₹ 5 each at a price of ₹ 1,397.00, including a premium of ₹ 1,392.00 per Equity Share aggregating up to ₹ 750.00 crores, to the QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Issue Price	₹ 1,397.00 per Equity Share
Issue Size	The Issue of 53,68,647 Equity Shares aggregating up to ₹ 750.00 crores
Lock-up Period	Please see "*Placement – Lock-up*"on page 190 for a description of restrictions on our Promoters and Promoter Group in relation to Equity Shares
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in this Issue, which is available for Allocation to Mutual Funds
Net Proceeds	The proceeds of this Issue after deduction of Issue expenses including fees, commission and other expenses
Placement Agreement	Agreement dated March 18, 2019 entered into amongst our Company and the GCBRLMs
Placement Document	This placement document dated March 22, 2019 issued in accordance with Chapter VI of the SEBI ICDR Regulations and section 42 of the Companies Act, 2013 and the rules thereunder
Preliminary Placement Document or PPD cum Application Form or PPD	The preliminary placement document cum application form dated March 18, 2019 issued by our Company in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014
QIBs or Qualified Institutional Buyers	Qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement to QIBs under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, each as amended
Refund Intimation Letter	Letters from the Company intimating the Bidders on the amount to be refunded, if any, either in part or whole, to their respective bank accounts
Relevant Date	March 18, 2019, which is the date of the meeting of the Board, or any committee duly authorised by the Board, deciding to open this Issue
Systemically Important NBFC	A non-banking financial company registered with the RBI and having a asset size of more than ₹ 500 crores as per the last audited financial statements

Conventional and General Terms/ Abbreviations

Term/Abbreviation	Description
AGM	Annual General Meeting
AIF(s)	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
Beneficiary Account	Demat account as maintained with a Depository Participant
BSE	BSE Limited
Category II FPI	An FPI registered as a category II foreign portfolio investor under the SEBI FPI Regulations
Category III FPI	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identity Number
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act	The Companies Act, 2013 or the Companies Act, 1956, as applicable
Companies Act, 1956	The Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder, as amended, to the extent in force pursuant to notification of the Notified Sections
Competition Act	The Competition Act, 2002, as amended
Cr.	Crore; a numerical unit equal to 100 lakhs
CSR	Corporate Social Responsibilty
Depositories Act	The Depositories Act, 1996, as amended
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant's Identity Number
DP/Depository Participant	A depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eligible FPIs	FPIs that are eligible to participate in the Issue and does not include Category III FPIs who are not eligible to participate in the Issue
EGM	Extraordinary General Meeting
EPS	Earnings Per Share, i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares during that fiscal year
FBIL	Financial Benchmarks India Private Limited
FCNR(B)	Foreign currency non-resident (bank)
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999, as amended, together with rules and regulations thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended
FIIs	Foreign institutional investors and foreign portfolio investors as defined under the SEBI FPI Regulations other than category 3 foreign portfolio investors that are corporates or individuals

Term/Abbreviation	Description
Fiscal Year/Financial Year/ Fiscal/FY	Period of 12 months ended 31 March of that particular year
Foreign Portfolio Investment Scheme	The foreign portfolio investment scheme of the RBI specified in schedule 2A of FEMA 20
Form PAS-4/ PAS-4	Form PAS-4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes person who has been registered under the SEBI FPI Regulations or is deemed to be an FPI in terms of SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GDP	Gross Domestic Product
GIDC	Gujarat Industrial Development Corporation
GIR Number	General Index Register Number
GoI/Government	Government of India
GST	Goods and services tax
HNIs	High net worth individuals
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Ind-AS	Indian accounting standards as notified by the MCA by way of the Companies (Indian Accounting Standards) Rules, 2015, as amended
India	The Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India
IPC/Indian Penal Code	The Indian Penal Code, 1860
ISO	International Organisation for Standardization
IT	Information Technology
IT Act	The Income Tax Act, 1961, as amended
Lakh or Lac	A numerical unit; equal to 100 thousand
MCA	The Ministry of Corporate Affairs, Government of India
MAT	Minimum alternate tax
MoU	Memorandum of understanding
Mutual Fund/MF	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NEAT	National Exchange for Automated Trading
NEFT	National Electronic Fund Transfer
Negotiable Instruments Act	Negotiable Instruments Act, 1881
Notified Sections	Sections of the Companies Act, 2013 that have been notified by the Government of India
NRE	Non-Resident (external)
NRI	Non-Resident Indian
NRO	Non-Resident Ordinary
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit after tax
PBT	Profit before tax
PMLA	Prevention of Money Laundering Act, 2002, as amended

Term/Abbreviation	Description
Portfolio Investment Scheme	The portfolio investment scheme of RBI specified in Schedule II of FEMA 20
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies, Gujarat at Ahmedabad
Indian Rupees/Rs./Rupees/INR/₹	The official currency of India
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, notified by the SEBI
SCRA	Securities Contracts (Regulation) Act 1956, as amended
SCRR	Securities Contracts (Regulation) Rules 1957, as amended
SEBI	The Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI LODR Regulations	The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEC	United States Securities and Exchange Commission
SENSEX	Index of 30 stocks traded on BSE representing a sample of large and liquid listed companies
Securities Act	U.S. Securities Act of 1933, as amended
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended
State Government	Government of a state of the Republic of India
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended
US$/USD/U.S. Dollar	United States Dollar, the legal currency of the United States of America
U.S. GAAP	Generally accepted accounting principles in the United States of America
USA/U.S./United States	The United States of America
VCF	A Venture Capital Fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 or the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as the case may be

Technical and Industry Terms

Term/Abbreviation	Full Form/Description
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended
API	Active Pharmaceutical Ingredient
ATM	Automated Teller Machine
Bonus Act	the Payment of Bonus Act, 1965, as amended
CAGR	Compounded Annual Growth Rate
Capital Employed	Net worth plus long term debt plus short term debt plus current maturity of long term debt less cash
Capital Employed adjusted for CWIP	Capital Employed less CWIP

Term/Abbreviation	Full Form/Description
CENVAT	Central Value Added Tax
CEP	Certificates of Suitability
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970, as amended
CPCB	Central Pollution Control Board
CRAMS	Contract Research and Manufacturing
CSA	Chloro Sulphonic Acid
CWIP	Construction Work In Progress
DCB	Di Chloro Benzene
DCS	Distributed Control System
Debt / Equity	Total debt divided by total equity
DMF	Drug Master File
EBIT	EBITDA - Depreciation
EBITDA	Earnings before interest, tax, depreciation and amortization; calculated as profit before tax plus interest expense plus depreciation less other income
EDMF	European Drug Master File
Environment Act	The Environment Protection Act, 1986, as amended
EPCG	The Export Promotion Capital Goods
ESI Act	The Employees State Insurance Act, 1948, as amended
Factories Act	The Factories Act, 1948, as amended
FMCG	Fast Moving Consumer Goods
GMP	Good Manufacturing Practice
HACCP	Hazard Analysis and Critical Control Point
HCL	Hydrogen Chloride
HPC	Home and Personal Care
ICH	International Conference on Harmonisation
ISO	International Organisation for Standardisation
IGCW	Industrial Green Chemistry World
IMS	Integrated Management System
IT	Information Technology
KCL	Potassium Chloride
KTPA	Kilo Tonnes Per Annum
MDCB	Meta Di Chloro Benzene
MNC	Multinational Corporation
NCB	Nitro Chloro Benzene
Net debt / EBITDA	(Gross debt minus cash) divided by EBITDA
NGO	Non-Governmental Organisation
MW	Mega Watts
OHSAS	Occupational Health and Safety Assessment Series
PDA	Phlyene Di Amine
Public Liability Act	The Public Liability Insurance Act, 1991, as amended
R&D	Research and Development
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
ROE	Return on equity; calculated as (net income) divided by (average of net worth of current and previous year)
ROCE	Return on capital employed; calculated as (EBIT) divided by (average of capital employed of current and previous year)
ROCE (exc CWIP)	Return on capital employed excluding CWIP; calculated as (EBIT) divided by (average of capital employed adjusted for CWIP of current and previous year)
SPCBs	State Pollution Control Boards
Water Act	The Water (Prevention and Control of Pollution) Act 1974, as amended
WHO	World Health Organization
SERB	Science and Engineering Research Board

Term/Abbreviation	Full Form/Description
SEZ	Special Economic Zone
UDCT	University Department of Chemical Technology
USFDA	United States Food and Drug Administration

Not withstanding the foregoing, terms in "*Financial Statements*", "*Issue Procedure*", "*Statement of Tax Benefits*"and "*Legal Proceedings*" on pages 227, 180, 207 and 220, respectively, shall have the meanings ascribed to such terms in those respective sections.

SUMMARY OF BUSINESS

Overview

We are one of the leading specialty chemical manufacturing companies in India and globally primarily for benzene based derivatives (*Source:* CRISIL Report). Since our incorporation in 1984, we have diversified our product profile, client base and geographical footprint. Currently, our product portfolio comprises over 200 products that are manufactured at our 17 manufacturing plants and marketed to more than 400 global customers in over 60 countries and 700 domestic customers. A majority of our products are exported to the USA, several countries in Europe, China and Japan; and are used in end-user industries such as agrochemicals; pharmaceuticals; polymer additives; pigments and dyes; FMCG applications, beverages amongst other industries.

We conduct our business through three distinct segments, namely, specialty chemicals ("Specialty Chemicals Segment"); pharmaceuticals ("Pharmaceuticals Segment"); and home and personal care ("HPC Segment").

Specialty Chemicals Segment:

We have integrated operations across the product chain of benzene, sulphur and toluene. We are ranked amongst the top three players globally for the manufacture of nitro chloro benzenes ("NCB") and di chloro benzenes ("DCB") (*Source*: CRISIL Report). We are also the only manufacturer of nitro fluoro aromatics using the Halex process; and the only manufacturer of phlyene di amines ("PDA") value chain in India. Our Specialty Chemicals Segment manufactures a variety of chemicals, primarily along the benzene-based value chain. We also manufacture other chemicals such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; phthalates; and toluene based derivatives. The products in our Specialty Chemicals Segment have varied applications across the agrochemicals; pharmaceuticals; polymer additives; pigments; and dyes industries. We make use of processes such as chlorination, nitration; ammonolysis, hydrogenation and fluoro compounding in our manufacturing operations. We have integrated our operations across the product chain of benzene, sulphur and toluene. We believe that this gives us the ability to effectively use co-products and generate value-added products. A significant portion of our revenue from operations is derived from our Specialty Chemicals Segment. In Fiscals 2018, 2017 and 2016, consolidated revenues from our Specialty Chemicals Segment amounted to ₹ 2,985.49 crore, ₹ 2,569.29 crore and ₹ 2,430.36 crore, respectively, which constituted 78.44%, 81.22% and 80.83%, respectively, of our consolidated revenue from operations.

Pharmaceuticals Segment:

We have four active pharmaceutical ingredients ("APIs") manufacturing plants, two of which are approved by the United States Food and Drug Administration ("USFDA") and two of which are WHO / GMP certified. Additionally, we have two research and development facilities that are dedicated to our pharmaceutical API business. Our Pharmaceuticals Segment is divided into three verticals for the (a) manufacture of APIs; (b) manufacture of intermediaries; and (c) manufacture of xanthine derivatives. Currently, our Pharmaceuticals Segment manufactures various commercial APIs with 30 US Drug Master Files ("USDMF"), 12 Drug Master Files ("DMF") (with seven under assessment) and 18 Certificates of Suitability ("CEP") (with two under assessment). During Fiscals 2018, 2017 and 2016, consolidated revenues from our Pharmaceuticals Segment amounted to ₹ 556.22 crore, ₹ 426.07 crore and ₹ 425.76 crore, respectively, which constituted 14.61%, 13.47% and 14.16%, respectively, of our consolidated revenue from operations.

HPC Segment:

Under our HPC Segment, we manufacture non-ionic surfactants which are used as concentrates in shampoo, hand-wash, dish-wash and oral care. In Fiscals 2018, 2017 and 2016, consolidated revenues from our HPC Segment amounted to ₹ 264.35 crore, ₹ 168.10 crore and ₹ 150.47 crore, respectively, which constituted 6.95%, 5.31% and 5.00%, respectively, of our consolidated revenue from operations. Our Board of Directors have approved a scheme of arrangement on June 28, 2018 for the demerger of our HPC Segment into a separate listed entity. For further details, please see "*—Demerger of our HPC Segment*" on page 151.

We own and operate 17 manufacturing plants, which are strategically located near ports in India. 11 of these manufacturing plants are dedicated to our specialty chemicals business, four manufacturing plants cater to our

pharmaceutical business and two to our home and personal care business. Two of our pharmaceutical manufacturing plants are USFDA approved. Further, two of our manufacturing facilities are WHO certified and cGMP compliant, meeting ICH Q7 standards. This enables us to supply to customers that operate in regulated markets. As at December 31, 2018, 12 of our manufacturing plants are zero liquid discharge plants and we have setup five co-generation plants and five solar power plants at our manufacturing facilities/offices. Of our 17 manufacturing plants, four are located in Maharashtra, 11 in Gujarat, one in Madhya Pradesh and one in the union territory of Dadra and Nagar Haveli. Additionally, we are in the process of setting up two 100 per cent export oriented manufacturing plants at the Dahej SEZ in Gujarat in addition to one already operating manufacturing facility in the Dahej SEZ.

We are focused on research and development which is carried at our three dedicated research and development facilities, two of which are located at Vapi, and one at Dombivali ("R&D Facilities"). Two of our R&D Facilities are dedicated to our pharmaceutical API business and one R&D Facility is dedicated to our specialty chemicals business. As at December 31, 2018, we employed a team of over 170 engineers and scientists at our R&D Facilities. We have obtained a number of intellectual property rights to develop customized products, including 9 patents (with 21 under assessment) from authorities in India, USA, Europe, and China. Additionally, we are in the process of setting up a new research and development facility in Navi Mumbai, to cater to our specialty chemicals business.

We are driven by a qualified and dedicated management team, comprising of seasoned professionals with experience across the various sectors in which we operate, which is led by our Board of Directors. One of our Promoters, and our Chairman and Managing Director, namely, Mr. Rajendra Vallabhaji Gogri, has been associated with the Company since its incorporation in 1984; and, along with our other Promoters and Directors, has played a significant role in the development of our business. We believe that our management team's collective experience and capabilities enable us to understand and anticipate market trends, manage our business operations and growth, leverage customer relationships and respond to changes in customer preferences. Our workforce has grown significantly over the years; and as on December 31, 2018, we had 5,100 employees on our rolls.

For Fiscals 2018, 2017 and 2016, our consolidated revenue from operations was ₹ 3,806.06 crore, ₹ 3,163.46 crore and ₹ 3,006.59 crore, respectively and our consolidated profit for the years were ₹ 332.96 crore, 315.78 crore and ₹ 256.88 crore, respectively. Our consolidated EBITDA in Fiscals 2018, 2017 and 2016 was ₹ 699.12 crore, ₹ 653.50 crore and ₹ 572.27 crore, respectively.

In 2015, we have been awarded the "Outstanding Achievement – Innovation" award by CHEMTECH Foundation for ensuring sustainable growth through innovation. Chemexcil presented the Trishul Award 2014-15 in the Dyes and Dye Intermediaries Panel, Large Scale Sector; the Award of Excellency 2015-16 in the Dyes and Dye Intermediaries Panel, Large Scale Sector; and the Trishul Award 2016-17 in the Dyes and Dye Intermediaries Panel, LSM and Merchant Exporter Sector. Further, we received an award at SERB-IGCW 2017 in the 'MNC large and Medium Scale Category' for incorporating principles of green chemistry and engineering into manufacturing as well as for the initiatives taken towards pollution prevention. Additionally, in Fiscal 2015, we have been bestowed with the Gujarat Cleaner Production Award by the Forest and Environment Department, Government of Gujarat. Moreover, the Indian Institute of Chemical Engineers bestowed the Lala Shriram National Award for "Leadership in the Chemical Industry" to our chairman emeritus, Mr. Chandrakant Gogri in 2015.

Our Strengths

We believe that we possess a number of competitive strengths, which enable us to successfully execute our business strategies, including the following:

Global player in benzene based derivatives with integrated operations

We enjoy a leading market position both in India and globally for the manufacture of specialty chemicals in benzene based derivatives (*Source*: CRISIL Report). We attribute our market leadership in benzene based derivatives to our diverse and comprehensive product portfolio, product innovations, presence in the industry for over 30 years and our ability to meet stringent specifications and customizations along with strong technical competencies, and research and development capabilities.

Our operations are integrated across the product chains of benzene, sulphur and toluene. We believe that this gives us the ability to effectively use co-products and isomer balancing and generate value-added products. We also manufacture other chemicals such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; and phthalates. A significant portion of our revenue from operations is derived from the sale of benzene based derivatives. In Fiscals 2018, 2017 and 2016, consolidated revenues from our Specialty Chemicals Segment amounted to ₹ 2,985.49 crore, ₹ 2,569.29 crore and ₹ 2,430.36 crore, respectively, which constituted 78.44%, 81.22% and 80.83%, respectively, of our consolidated revenue from operations.

We have also demonstrated our ability to handle complex and hazardous chemical processes and achieved global leadership positions in chemical processes. During Fiscal 2018, chlorination and nitration accounted for approximately 30% of our specialty chemicals revenues on a consolidated basis; and approximately 70% of our specialty chemicals revenue on a consolidated basis comprised revenues from sale of other value added products and chemistries in our Speciality Chemical Segment. We are ranked amongst the top three players globally for the manufacture of NCB and di chloro benzenes DCB (*Source*: CRISIL Report). We are also the only manufacturer of nitro fluoro aromatics using the Halex process; and the only manufacturer of PDA in India (*Source:* CRISIL Report). We believe that our leadership position offers us several competitive advantages. Our leadership position enables us to leverage our relationship with customers, provides potential to increase the products being sold and strengthen our reputation.

Diversified product portfolio, strong customer base and varied geographical presence

Our product portfolio comprises over 200 products that are marketed to more than 400 global customers in over 60 countries and 700 customers in India. We have diversified our product base by expanding from our specialty chemicals business to pharmaceuticals and home and personal care products. Even within our specialty chemicals business, we have diversified to manufacture other chemicals such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; phthalates; and toluene based derivatives. We believe that this enables us to manufacture products with applications in various end-user industries. For instance, specialty chemicals caters to (a) the agrochemicals industry, and are used in manufacture of pesticides, insecticides, fungicides, herbicides, fertilizers and nutrients; (b) the polymers and additives industry, where our chemicals are used in aircrafts, automobiles, cruise liners, bullet-proof jackets and electronic products; and (c) dyes and pigments industry, where our products find application in printing inks, amongst others. In our Pharmaceuticals Segment, we manufacture intermediates and APIs used in anti-cancer, anti-asthma, anti-hypertensive drugs, oncology therapies and steroids. Our Pharmaceuticals Segment also manufactures xanthine derivatives which find their application in beverages, nutraceuticals and pharmaceuticals. We believe that a well-diversified product portfolio enables low dependence on individual products. In Fiscal 2018, our top five products contributed approximately 30% and 45% of the sales in our Specialty Chemicals Segment and Pharmaceuticals Segment, respectively; and our top 10 products contributed approximately 44% and 57% of the sales in our Specialty Chemicals Segment and Pharmaceuticals Segment, respectively, on a consolidated basis. Further, in Fiscal 2018, our top five and top 10 products contributed to 24% and 38%, respectively, of our consolidated revenue from operations.

Our products are used across different end industries and have different business cycles. For example, our products for agrochemicals segment are used in pesticides, insecticides, herbicides, etc. which are affected by the agrochemical cycle. Our products for the dyes and pigments are used in printing ink; and our products for polymers and additives segments are used in aircrafts, automobiles and electronic products, each of which follow a normal business cycle. Products from our Pharmaceuticals Segment are used as intermediaries in drugs catering to anti-cancer, anti-asthma ad anti-hypertensive drugs oncology therapies, which are non-cyclical.

Over the years, we have evolved from being a local supplier to companies in India to being a global supplier to companies across major geographies, such as North America (including USA), China, Japan and multiple countries in Europe. In Fiscal 2018, of our consolidated revenue from operations approximately 56% was derived from domestic sales; approximately 10% was derived from sales in North America, approximately 15% was derived from sales in Europe; approximately 4% each was derived from sales in China and Japan; and approximately 11% was derived from sales to the rest of the world. We believe that our robust product portfolio and expanded geographical footprint enable us to provide integrated solutions to a wide array of customers, whether they be established multinationals or emerging players in local markets.

Our customer base currently comprises a host of multinational, regional and local companies. We enjoy relationships in

excess of 5 (five) years with a 9 (nine) out of our top ten customers. This can be demonstrated by the fact that over 85%of our consolidated revenue from operations in Fiscal 2018 was derived from customers with whom we had existing relationships for over five years. Of our consolidated revenue from operations in Fiscal 2018, our largest customer contributed approximately 4%; our top 10 customers contributed to approximately 22%; and our top 20 customers contributed to approximately 32%. We believe that this reflects our ability to cater to the continual procurement needs of our multinational customers across diverse geographies. We believe that our customers have acknowledged our values and business model as well as our appetite for investing in growth through long term capital commitments. We have demonstrated our ability to scale up our capacities to cater to the requirements of our customers.

Further, our revenues are attributable to both domestic and international sales. We export our products to more than 60 countries globally. In Fiscals 2018, 2017 and 2016, consolidated revenue from exports represented 44.43%, 48.14% and 47.61%, respectively, of our consolidated revenue from operations. We believe that our diversified and comprehensive product portfolio and large customer base spread across several countries and customer categories diminishes the risks associated with our dependence on any particular product, customer or geography.

Strong infrastructure in place in our pharmaceuticals business, which provides growth opportunities with exposure to multiple segments and products

We have four APIs manufacturing plants, two of which are approved by the USFDA and two of which are WHO / GMP certified. Additionally, we have two research and development facilities that are dedicated to our pharmaceutical APIs business. Currently, our Pharmaceuticals Segment manufactures various commercial APIs with 30 USDMF, 12 DMF (with seven under assessment) and 18 CEP (with two under assessment). We also have an exclusive sterile block for oncology APIs. Additionally, we have obtained a number of intellectual property rights to develop customized products, including 9 patents (with 21 under assessment) from authorities in India, USA, Europe and China. In Fiscals 2018, 2017 and 2016, consolidated revenues from our Pharmaceuticals Segment amounted to ₹ 556.22 crore, ₹ 426.07 crore and ₹ 425.76 crore, respectively, which constituted 14.61%, 13.47% and 14.16%, respectively, of our consolidated revenue from operations.

Our Pharmaceuticals Segment is divided into three verticals for (a) manufacture of APIs; (b) manufacture of intermediaries, which together with manufacture of APIs accounted for 63.52% of the standalone revenues of our Pharmaceuticals Segment in Fiscal 2018; and (c) manufacture of xanthine derivatives, which accounts for 36.48% of the standalone revenues of our Pharmaceuticals Segment in Fiscal 2018. We have backward integrated intermediaries for most of the APIs that we manufacture. Our APIs are exported to regulated markets globally including the USA, several countries in the European Union and Japan. Sales from exports of our APIs and intermediaries amounted to approximately 49% of the standalone revenues of our Pharmaceuticals Segment from APIs and intermediaries in Fiscal 2018, of which approximately 25% was from exports to non-regulated markets and approximately 24% was from exports to regulated markets. Xanthine derivatives manufactured by us are used in beverages, nutraceuticals and pharmaceuticals. Two of our manufacturing facilities are dedicated to manufacturing Xanthine derivatives and have obtained star certifications such as “Star Kosher”, “HACCP” and “GMP” for manufacturing and testing. We also undertake CRAMs activities focused on intermediates. We are currently working with several innovators on API intermediates opportunities. During Fiscal 2017, we doubled our xanthine production capacity to cater to demand from cola and energy drink manufacturers. Sales from exports of our xanthine products amounted to approximately 50% of the standalone revenues of our Pharmaceuticals Segment from xanthine products in Fiscal 2018, of which approximately 20% was to non-regulated markets and approximately 30% was to regulated markets.

Our Pharmaceuticals Segment has grown significantly over the last five Fiscals, with the standalone revenue of our Pharmaceuticals Segment in Fiscal 2018, Fiscal 2017, Fiscal 2016, Fiscal 2015 and Fiscal 2014 being ₹ 556.22 crore, ₹ 426.07 crore, ₹ 425.76 crore, ₹ 303.20 crore and ₹ 248.98 crore; increasing from ₹ 248.98 crore in Fiscal 2014 to ₹ 556.22 crore in Fiscal 2018 at a CAGR of 22%; and our EBIT margins in Fiscal 2018, Fiscal 2017, Fiscal 2016, Fiscal 2015 and Fiscal 2014 being 14.24%, 11.30%, 9.11%, 11.81% and 11.94%; increasing from 11.94% in Fiscal 2014 to 14.24% in Fiscal 2018 at a CAGR of 27%.

Strong returns despite significant capex during the last five Fiscals

During the last five Fiscals, we have expanded our capacity to scale our benzene derivatives manufacturing business and

integrate downstream value added products. We have also diversified into toluene based derivatives. Some of the key capacity expansion projects undertaken by us during the last five Fiscals include:

- Our NCB project at our Vapi manufacturing facility was commissioned in Fiscal 2016, and has expanded our manufacturing capacity at the facility from 57ktpa to 75ktpa. This plant has achieved 90% capacity utilisation for the quarter ended December 31, 2018. The objective of this project was to diversify further in the benzene value chain.

- Our PDA project at our Jhagadia manufacturing facility was commissioned in Fiscal 2017 and expanded our manufacturing capacity at the facility from 5ktpa to 12ktpa. This plant has achieved 40% capacity utilisation for the quarter ended December 31, 2018. The objective of this project was to strengthen our presence in the high-end polymer markets.

- Our nitro-toluene project at our Jhagadia manufacturing facility was commissioned in Fiscal 2018 and has achieved 53% capacity utilisation for the quarter ended December 31, 2018. Under this project, a 30 ktpa plant was set up with the objective of foraying into the toluene product chain.

- Our ethylation project at our Dahej manufacturing facility was commissioned in Fiscal 2017 and has achieved 80% capacity utilisation for the quarter ended December 31, 2018. Under this project, an 8ktpa to 10ktpa plant was set up to increase our agrochemical intermediaries manufacturing capacity.

During Fiscals 2018, 2017, 2016, 2015 and 2014 we spent ₹ 614.78 crore, ₹ 530.22 crore, ₹ 468.27 crore, ₹ 303.07 crore and ₹ 290.96 crore, respectively, on capital expenditure, on a consolidated basis. During Fiscals 2018, 2017, 2016, 2015 and 2014 on a consolidated basis, our ROCE was 17%, 20%, 20%, 19% and 19%, respectively, our ROCE (excluding CWIP) was 19%, 22%, 23%, 20% and 20%, respectively and our ROE was 22%, 24%, 23%, 21% and 20%, respectively.

We are in the process of further increasing our capacities at our manufacturing facilities at Vapi, Jhagadia and Dahej which we believe will provide significant operating leverage. Accordingly, projects are underway at our Kutch, Vapi, Tarapur, Jhagadia and Dahej manufacturing facilities. Further, we believe that additional capacities at our new and upcoming manufacturing facilities will provide significant growth opportunities in the future. Additionally, we are also in the process of setting up a new research and development unit at Navi Mumbai to cater to our specialty chemicals business For further details, see "*—Upcoming manufacturing facilities and research and development centres*" on page 153. We believe that our customers have acknowledged our strong financial position and business model as well as our appetite for investing in growth through long term capital commitments. We have demonstrated our ability to scale up our capacities to cater to the requirements of our customers.

Strong research and development capabilities allowing product innovation

As at December 31, 2018, we employed a team of over 170 engineers and scientists at our R&D Facilities, two of which are located at Vapi and one at Dombivali. Two of our R&D Facilities are dedicated to our pharmaceutical API business and one R&D Facility is dedicated to our specialty chemicals business. Our in-house research and development team helps us to collaborate with our customers to understand consumer preference and develop new product applications to cater to the needs of our customers. Through our research and development capabilities, we were successful in developing and enhancing our portfolio of customised products. We believe that our ability to develop new product application and our ability to customise products to suit customer needs have helped us in expanding our customer base and thereby enabled us to establish our leadership position. Further, we have been increasing our presence in niche chemistries where we believe the competition may not be significant.

Our key research and development processes include high pressure autoclaves, glass lined reactors, sparkler filters and fractional distillation, amongst others; and we maintain a constant focus on downstream products. Currently, we manufacture over 200 products over our Specialty Chemicals Segment, Pharmaceuticals Segment and HPC Segment. We make use of processes such as Scrub NOx in sulphuric acid from our MDCB plant to manufacture commercial grade nitrosyl sulphuric acid. We also make use of processes like high value chlorination, hydrogenation, ammonolysis and fluoro-compounding. Further, we directly utilize HCL gas, which is a by-product of benzene chlorination, to manufacture

chloro sulphonic acid ("CSA"). We are also the first and only company in India to commercialize the manufacturing of our range of nitro fluoro compounds via Halex chemistry (with KCl recovery). We also produce 100% export grade calcium chloride granules from dilute hydrochloric acid and adopt eco-friendly hydrogenation processes through continuous loop reactors.

Our research and development activities have enabled us to develop various commercial APIs with 30 USDMF, 12 DMF (with seven under assessment) and 18 CEP (with two under assessment). We have also obtained a number of intellectual property rights to develop customized products, including 9 patents (with 21 under assessment) from authorities in India, USA, Europe and China.

Strong focus on sustainability

We are focused on health and safety and have a 'zero tolerance zero harm' policy within our organisation. We regularly conduct process safety audits and inspections from external agencies. During the last five Fiscals, we spent an aggregate amount of approximately ₹ 240 crore on environment, health and safety. We have implemented DCS control systems and process automation. The process of 'learning from the incident' is established and our 'Aarti Management System', an internal protocol mechanism, is responsible for process safety. We even employ a toxicologist for occupational health and emergency response with complete fire protection audits for each of our facilities.

We are also significantly focused on environment and sustainability. We strive to follow the "Three-R" principle of reduce, recover and reuse. We seek to improve governance through the Sustainability Council Committee for Sustainability Management. We have adapted an online compliance mechanism for better governance. We own and operate 17 integrated manufacturing plants two of which are USFDA certified and two of which are WHO certified and cGMP compliant plants meeting ICH Q7 standards enable us to supply to customers that operate in regulated markets. As at December 31, 2018, twelve of our manufacturing units are zero liquid discharge facilities and we have setup five co-generation plants and five solar power plants at our manufacturing facilities. During the last three Fiscals, an aggregate of ₹ 6.84 crore has been spent on investments in solar energy. We have an installed solar power generation capacity of 697kw across all the locations of our manufacturing facilities. We have adopted the Swiss loop reactor technology for hydrogenation. Chilling water is generated from our chlorine tonners for our chilling applications. We have installed ash handling systems, solvent recovery systems and gas scrubbing units. Further, we have installed bioreactors, chemical RO's, multiple effect evaporators and incinerators which drastically reduce water consumption. We have procured IMS certifications for our major operations. Our major units are audited by Together-for-Sustainability initiative. We have received supplier sustainability ratings from Ecovadis, a platform which provides an assessment on the CSR performance of a Company and provides them with comprehensive feedback, benchmark and tools for improvement.

We believe that our focus on health, safety and environment has been acknowledged by all our stakeholders and the industry at large and this can be demonstrated by several awards that have been bestowed upon us for environment, health and safety measures undertaken.

Well placed to benefit from sector tailwinds

China's specialty chemicals market has seen a downturn in recent years due to various factors. Most prominent amongst these are the recent environmental norms introduced by the Chinese government, which have led to shutdown of a number of chemical plants (*Source*: CRISIL Report).

Some major factors that have contributed to a slowdown in the specialty chemicals market in China include:

- stringent environmental norms;
- rising labour costs;
- slowing domestic demand; and
- appreciation of China's currency. (*Source*: CRISIL Report)

India is set to benefit from the China's downturn (*Source*: CRISIL Report). For further details, see "*Industry Overview – India to benefit from China's downturn in specialty chemicals industry*" on page 107. According to the CRISIL Report, the recent downturn observed in China's specialty chemicals industry is serving as an opportunity for Indian manufacturers, who have now gained a cost advantage over their Chinese counterparts. The changing regulatory and policy environment in China has led global companies to diversify supply risk, thereby improving export opportunities for Indian players. This is because, very few countries, other than India, have the requisite scale, technology, raw materials and government support to capture this opportunity. Additionally, In addition, the depreciation of Indian rupee in recent times has led to increased pricing power for specialty chemical players, and enhanced global competitiveness (*Source*: CRISIL Report).

Experienced promoters and strong management team

We are led by a qualified and experienced management team that we believe, has the expertise and vision to manage and grow our business. Our Chairman and Managing Director, Rajendra Gogri has been associated with our Company since its incorporation in 1984 and was appointed as the joint managing director of our Company in 1990. He holds a master's degree in science (Majors in Chemical Engineering) from the IOWA State University of Science and Technology and a bachelor's degree in Chemical Engineering from Institute of Chemical Technology, Mumbai (formerly known as UDCT). He has around 35 years of experience as an entrepreneur in the chemical industry. Mr. Rashesh Gogri, Vice Chairman and Managing Director, holds a degree of Bachelor of Engineering (in its production branch) from the University of Bombay. Further, our other executive Directors Mr. Shantilal Tejshi Shah, Mr. Parimal Hasmukhlal Desai, Mr. Manoj Mulji Chheda, Ms. Hetal Gogri Gala, Mr. Kirit Ratilal Mehta and Mr. Renil Gogri have 29 years, 36 years, 25 years, 17 years, 19 years and 6 years, respectively, of experience as directors in the Company. Our management continues to focus on production, marketing and new growth areas in their respective product segments. We believe that the knowledge and experience of our promoters, along with senior management, and team of skilled personnel provides us with a significant competitive advantage as we seek to expand in our existing markets and enter new markets.

Our senior management team's collective experience and capabilities enable us to understand and anticipate market trends, manage our business operations and growth, leverage customer relationships and respond to changes in customer preferences. We will continue to leverage on the experience of our management team and their understanding of the specialty chemicals, pharmaceutical and home and personal care products industries in order to take advantage of current and future market opportunities.

Our Strategy

Expansion in existing value chain and increased production of value added products

We intend to scale up the manufacturing capacities for our existing products. To this end, our management is continually exploring new markets and applications for our existing products. We aim to add value to the by-products of our specialty chemical manufacturing process to diversify our product line. We believe that this gives us the ability to effectively use co-products and generate value-added products. Additionally, we also seek to strengthen our market position across isomers.

We intend to grow our business operations further through synergistic expansion into related products and forward integration. Our strategy includes:

- further expanding our product portfolio and production capacity for our existing products;
- identifying niche opportunities in relatively less crowded markets to gain market share rapidly;
- expand our product basket further with related products that are bi-products of our existing products; easily manufactured from the bi- products of such products; and that can be manufactured using the same raw materials and manufacturing facilities;
- downstream integration to manufacture more value added products; and

- improving our market position across isomers.

We also intend to enter into multiple new speciality chemical segments based on our existing competencies, infrastructure and backward integration. We believe that this diversification would allow us to service new clients, meet existing demand; and consequently, enhance business prospects.

Deepen relationships with our customers through co-development and strategic alliances

We intend to adopt the approach of co-development and scale-up our product portfolio through customer partnerships. Further, we intend to develop multiple products with such partners in order to deepen our relationships with them. While we believe that our continuing R&D endeavours and our reputation for quality will help increase our overall market share for both of our pharmaceutical and speciality chemical product categories, we intend to focus on increasing our strategic alliances with our customers in the years to come. We have built long-standing relationships with our customers through various strategic endeavours, which we intend to leverage by capitalizing on the significant opportunities that our diversified product portfolio offers. Further, we plan on utilizing our expanded geographical footprint to address the sourcing requirements of our existing multinational customers as and when they enter new markets, thereby consolidating our position as a preferred supplier across geographies.

Currently, we market our products to more than 400 customers globally in over 60 countries and 700 customers in India. We also regularly take part in trade shows, road shows and exhibitions, and our employees have been invited as speakers at various industry forums. Going forward, we intend to continue to leverage our sales and marketing network, diversified product portfolio and our industry standing to establish relationships with new multinational, regional and local customers and expand our customer base.

Enter new product value chains

We have integrated our operations across the product chain of benzene and sulphur. During the last three Fiscals, we have expanded our specialty chemicals business to include toluene product chains. We intend to further diversify our product portfolio by entering into new product value chains in order to cater to our customers.

We make use of processes such as chlorination, nitration; ammonolysis, hydrogenation and fluoro compounding in our manufacturing operations. We intend to extend our process and chemistry expertise to enter new value chains. We also plan to add new reaction capabilities at our manufacturing facilities.

Long term customer contracts and manufacturing outsourcing

Our customer base currently comprises a host of multinational, regional and local companies. We enjoy relationships in excess of 5 (five) years with a 9 (nine) out of our top ten customers. While we derive a significant portion of our revenues from limited number of major customers, we believe that this reflects our ability to cater to the continual procurement needs of our multinational customers across diverse geographies.

During Fiscal 2018, we have entered into a 20 year, long term contract with a global specialty chemicals player. We also propose to pursue opportunities of being appointed as a contract manufacturer of customised products by global chemical companies by leveraging existing relationships as well as pursuing new clients. The aim of entering into such long term contracts is to leverage process expertise. We believe that sufficient supply of raw material in India increases customers' ability to enter into such contracts. Further, industry trends in India, as compared to China, also incentivise our customers to enter into manufacturing outsourcing contracts with us. We intend to set up dedicated toll manufacturing facilities to cater to such customers. We believe that our customers have acknowledged our values and business model as well as our appetite for investing in growth through long term capital commitments. We have demonstrated our ability to scale up our capacities to cater to the requirements of our customers.

We also intend to continue to leverage our products and our long term relationships and credentials with our international customers to further develop and strengthen our presence in the exports market. To this end, we are in the process of setting up a manufacturing facility at the Dahej special economic zone in Gujarat that will be dedicated to catering to the multi-year export contracts that we enter into with our customers. The aim of setting up our manufacturing facility at a

port and in a special economic zone is primarily because we expect to enter into long term joint development contracts with our export customer for which a special economic zone provide favourable conditions.

Expansion of our Pharmaceuticals Segment

In our Pharmaceuticals Segment, two of our manufacturing facilities are USFDA certified and two are WHO certified, cGMP compliant plants meeting ICH Q7 standards which enable us to supply to customers that operate in regulated markets. As a part of our strategy, we intend to increase our presence in such regulated markets and enter new regulated markets as well.

We propose to expand our Pharmaceuticals Segment in order to take advantage of the growth opportunities in this sector. In order to achieve our strategy of expanding our market share, we intend to expand our capacities in existing products as well as expand and strengthen our research capabilities in order to ensure rapid product innovation. Innovation continues to be the key determinant for success in this segment and allows us to create value for our customers; and develop and explore more opportunities for innovators on APIs and intermediaries. We have two R&D Facilities that are dedicated to our Pharmaceuticals Segment. Through our research and development capabilities, we aim to develop and enhance our portfolio of customised products offered to customers and focus on high value intermediates, especially for the active pharmaceutical industry.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information appearing elsewhere in this Placement Document, including under "Risk Factors", "Use of Proceeds", "Placement", "Issue Procedure" and "Description of the Equity Shares" on pages 45, 74, 190, 180 and 204, respectively.

Issuer	Aarti Industries Limited
Issue Size	Up to 53,68,647 Equity Shares aggregating up to ₹ 750.00 crores. A minimum of 10% of the Issue Size i.e. at least 5,36,865 Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance 48,31,782 Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allocated to other QIBs.
Face Value	₹ 5 per Equity Share
Issue Price	₹ 1,397.00 per Equity Share
Date of Board Resolution*	November 1, 2018
Date of Shareholders' Resolution*	January 14, 2019
Floor Price	The floor price for the Issue calculated on the basis of Regulation 176 of Chapter VI of the SEBI ICDR Regulations is ₹ 1,469.65 per Equity Share. Our Company has offered a discount of 4.94% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations
Eligible Investors	QIBs, to whom the PPD cum Application Forms have been circulated and who are eligible to bid and participate in the Issue. The list of QIBs to whom the PPD cum Application Form has been delivered was determined by the Company, in consultation with the GCBRLMs. See "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 180, 192 and 198, respectively.
Equity Shares issued and outstanding immediately prior to this Issue	8,13,00,000 Equity Shares
Equity Shares issued and outstanding immediately after this Issue	8,66,68,647 Equity Shares
Issue Procedure	The Issue is being made only to QIBs in reliance on Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 180.
Lock-up	Please see "*Placement – Lock-up*"on page 190 for a description of restrictions on our Promoters and Promoter Group in relation to Equity Shares
Proposed allottees	Please see "*Capital Structure - Proposed allottees*" on page 79 for names of the proposed allottees and the percentage of post Issue capital that may be held by them in the Company.
Transferability Restrictions	The Equity Shares to be issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For further transfer restrictions, see "*Transfer Restrictions*" on page 198.
Use of Proceeds	The gross proceeds from this Issue will be aggregating up to ₹ 750.00 crores. The net proceeds from this Issue, after deducting fees, commissions and expenses of this Issue, will be approximately ₹ 737.00 crores.

	See "*Use of Proceeds*" on page 74 for information regarding the use of net proceeds from this Issue.	
Risk Factors	See "*Risk Factors*" on page 45 for a discussion of risks that prospective investors should consider before investing in the Equity Shares.	
Listing	Our Company has made applications to the BSE and NSE and has obtained in-principle approvals each dated March 18, 2019 in terms of Regulation 28(1) of the SEBI LODR Regulations, respectively for listing of the Equity Shares being issued pursuant to this Issue from each of such Stock Exchanges. Our Company will make applications to each of the Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in the Issue.	
Closing Date	The Allotment of the Equity Shares, expected to be made on or before March 25, 2019.	
Ranking	The Equity Shares to be issued pursuant to this Issue shall be subject to the provisions of the Company's Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company, including rights in respect of dividends. The shareholders of our Company (who hold Equity Shares as on the book closure date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI LODR Regulations and other applicable laws and regulations. Shareholders of our Company may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013 and the SEBI LODR Regulations. See "*Description of the Equity Shares*" on page 204.	
Security Codes for the Equity Shares	**ISIN**	INE769A01020
	BSE Scrip Code	524208
	NSE Scrip Code	AARTIIND

**The Board of Directors has approved the Issue at its meeting on November 1, 2018 and the relevant intimation in compliance with Regulation 29(1) of the SEBI LODR Regulations to the Stock Exchanges was made on October 25, 2018. Our Company's shareholders have approved the Issue, pursuant to a special resolution passed on January 14, 2019 and the relevant intimation in compliance with Section 110 of the Companies Act, 2013 and the SEBI LODR Regulations to the Stock Exchanges was made on January 16, 2019.*

SELECTED FINANCIAL INFORMATION

The financial information included in this section for Fiscals 2018 and 2017 has been extracted from our Audited Consolidated Financial Statements for Fiscal 2018 and 2017, prepared under Ind AS. The financial information included in this section for Fiscal 2016 has been extracted from our Audited Consolidated Financial Statement for Fiscal 2017 (containing restated comparative financial information for Fiscal 2016, prepared under Ind AS).

Ind AS and Indian GAAP differ in certain material respects from US GAAP and IFRS. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to the information prepared in accordance with US GAAP or IFRS or other accounting principles.

Consolidated Balance Sheet data as on March 31, 2018, 2017 and 2016

(*in ₹ crores*)

Particulars	As at March 31st		
	2018	**2017**	**2016**
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1996.17	1694.90	1245.54
Capital Work-In-Progress	436.23	269.52	313.01
Intangible Assets	1.72	2.12	0.42
Financial Assets			
(i) Investments	47.22	46.96	41.26
Other Non-Current Assets	225.18	168.36	132.26
Total Non-Current Assets	**2706.52**	**2181.86**	**1732.49**
Current Assets			
Inventories	747.30	571.41	495.19
Financial Assets			
(i) Trade Receivables	590.75	524.67	523.40
(ii) Cash and Cash Equivalents	32.10	28.50	28.99
(iii) Other Current Financial Assets	224.80	168.70	167.92
Other Current Assets	**25.99**	**23.91**	**18.49**
Total Current Assets	**1620.94**	**1317.19**	**1233.99**
Total Assets	**4327.46**	**3499.05**	**2966.48**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	40.65	41.06	41.66
Other Equity	1537.78	1321.41	1095.64
Non-Controlling Interests	77.02	63.85	52.09
Total Equity	**1655.45**	**1426.32**	**1189.39**
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	908.27	596.44	526.76
(ii) Other Financial Liabilities	-	0.45	0.18
Deferred Tax Liabilities (Net)	177.41	155.44	127.06
Other Non-Current Liabilities	-	-	-
Total Non-Current Liabilities	**1085.68**	**752.33**	**654.00**
Current Liabilities			
Financial Liabilities			
(i) Borrowings	1012.48	839.29	706.40
(ii) Trade Payables	357.49	299.72	305.19
Other Current Liabilities	185.32	153.56	91.00
Provisions	31.04	27.83	20.50
Total Current Liabilities	**1586.33**	**1320.4**	**1123.09**
Total Liabilities	**2672.01**	**2072.73**	**1777.09**
Total Equity and Liabilities	**4327.46**	**3499.05**	**2966.48**

Consolidated Profit and Loss Account data for the years ended March 31, 2018, 2017 and 2016

(*in ₹ crores*)

Particular	For the year ended 31st March 2018	For the year ended 31st March 2017	For the year ended 31st March 2016
Revenue From Operations	3806.06	3163.46	3006.59
Other Income	7.77	1.96	5.94
Total Revenue	**3813.83**	**3165.42**	**3012.53**
Expenses			
Cost of Materials Consumed (Incl. Packing Material, Fuel, stores & spares)	2169.96	1673.13	1603.50
Purchase of Stock in Trade	117.46	101.77	114.99
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	(105.89)	(31.62)	49.30
Employee Benefits Expenses	190.14	152.28	120.70
Finance Costs	131.65	117.34	116.98
Depreciation and Amortization Expenses	146.23	122.52	98.50
Other Expenses	735.27	614.42	545.83
Total Expenses	**3384.82**	**2749.84**	**2649.80**
Profit Before Tax	**429.01**	**415.60**	**362.73**
Tax Expenses:			
Current Year Tax	87.81	84.62	74.35
Earlier Years Tax	(0.01)	0.21	21.28
MAT Credit Entitlement	(26.91)	(25.15)	(19.75)
Deferred Tax	21.97	28.38	18.75
Total Tax Expenses	**82.88**	**88.06**	**94.63**
Profit After Tax Before Non-Controlling Interest and Share Of Profit/Loss of Associates	**346.13**	**327.54**	**268.10**
Profit attributable to:			
Non-controlling interests	(13.17)	(11.76)	(11.22)
Share of Profit/(Loss) of Associates	-	-	-
Profit/Loss for the Period	**332.96**	**315.78**	**256.88**
Other Comprehensive Income			
Items that will not be reclassified to statement of Profit and Loss - Fair value of Investments	(2.94)	5.72	(10.78)
Total Comprehensive Income For the Year	**330.02**	**321.50**	**246.10**
Earnings Per Equity Share (₹)			
Basic	40.95	38.45	30.83
Diluted	40.95	38.45	30.83

Consolidated Cash Flow Statement data for the years ended March 31, 2018, 2017 and 2016

(*in ₹ crores*)

Particulars	For the year ended March 31		
	2018	2017	2016
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax and Exceptional/Extraordinary Items	**429.01**	**415.60**	**362.73**
Adjustments For :-			
Finance Costs	131.65	117.34	116.97
Deprecation	146.23	122.52	98.5
Consolidation Adjustments	(3.26)	-	(0.78)
Loss on Sale of Assets	0.39	-	0.14
	704.02	**655.46**	**577.56**
Profit on Sale of Investments/Assets	(6.67)	(0.80)	(0.69)
Dividend Received From Other Investments	(0.06)	(0.00)	(1.65)
Lease Rent Received	(0.26)	(0.25)	(0.24)
Operating Profit Before Working Capital Changes	**697.03**	**654.41**	**574.98**
Adjustment for:			
Increase / (Decrease) In Trade Payables and Other Current Liabilities	58.14	(4.98)	53.90
Increase / (Decrease) In Inventories	(175.88)	(76.22)	64.39
Increase / (Decrease) In Trade Other Receivables	(145.57)	(5.68)	(21.86)
Cash Generated From Operations	433.72	567.53	671.41
Less : Direct Taxes Paid	(98.82)	(97.46)	(97.83)
Net Cash From Operating Activities (A)	**334.90**	**470.07**	**573.58**
B. CASH FLOW FROMINVESTING ACTIVITIES			
Addition to Property, Plant & Equipment/capital WIP	(614.78)	(530.22)	(466.47)
Sale/Written off of Property, Plant & Equipment	0.73	0.33	16.64
(Increase)/(Decrease) In Other Investments	3.35	0.78	(4.01)
Lease Rent Received	0.26	0.25	0.24
Dividend Received From Other Investments	0.06	0.00	1.65
Net Cash Flow From Investing Activities (B)	(610.38)	(528.86)	(451.95)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds Of Long Term Borrowings	468.53	200.04	201.13
Repayment of Long Term Borrowings	(122.55)	(60.69)	(170.17)
Proceeds/(Repayment) of Other Borrowings	173.19	132.89	52.74
Reduction In Equity Due to Buy-back	(98.45)	(96.00)	-
Finance Costs	(131.65)	(117.34)	(116.97)
Dividend Paid	(10.00)	(0.60)	(95.17)
Net Cash Flow From Financing Activities (C)	**279.07**	**58.30**	**(128.44)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**3.59**	**(0.49)**	**(6.81)**
Cash and Cash Equivalents (Opening Balance)	28.50	28.99	33.71
Cash and Cash Equivalents (Opening Balance of Merged Co.)			2.09
Cash and Cash Equivalents (Closing Balance)	**32.09**	**28.50**	**28.99**

Standalone Profit and Loss Account data for the nine months period ended December 2018

(*in ₹ crores*)

Particular	For The 9Month Ended 31St Dec. 2018	For The 9Month Ended 31St Dec. 2017
1) Income		
a) Revenue From Operations	3646.15	2669.92
b) Other Income	3.88	0.98
Total Income	**3650.03**	**2670.90**
2) Expenses		
a) Cost of Materials Consumed (Incl. Packing Material, Fuel, stores & spares)	2,177.56	1494.10
b) Purchase of Stock in Trade	109.49	77.33
c) Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	(86.41)	(29.67)
d) Employee Benefits Expenses	166.51	125.88
e) Finance Costs	139.76	94.32
f) Depreciation and Amortization Expenses	117.18	98.89
g) Other Expenses	602.14	525.80
Total Expenses	**3,226.23**	**2386.65**
3) Profit/(Loss) Before Exceptional Item and Tax (1-2)	**423.80**	**284.25**
4) Exceptional Item	**0.00**	**0.00**
5) Profit/(Loss) Before Tax (3-4)	**423.80**	**284.25**
6) Tax Expenses:		
a) Current Year Tax	90.50	56.00
b) Earlier Years Tax	0.00	0.00
c) MAT Credit Entitlement	(26.30)	(16.50)
d) Deferred Tax	14.75	13.00
Total Tax Expenses	**78.95**	**52.50**
7) Profit/(Loss) from ordinary activities after Tax (5-6)	**344.85**	**231.75**
8) Extraordinary Items (Net of Tax Expenses)	**0.00**	**0.00**
9) Net Profit/(Loss) for the Period (7-8)	**344.85**	**231.75**
10) Profit/(Loss) attributable to:		
a) Owner of the Company	344.85	231.75
b) Non-controlling interests	0.00	0.00
11) Other Comprehensive Income	(3.87)	3.56
12) Total Comprehensive Income For the Period (Comprising Profit/(Loss) and other Compressing Income for the Period) (10+11)	340.98	235.31
13) Earnings per equity share (₹)		
1) Basic	42.42	28.22
2) Diluted	42.42	28.22
14) Paid up Equity Share Capital (Face Value of ₹ 5 each)	40.65	41.06

RISK FACTORS

An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks occur, our business, results of operations, cash flows and financial condition could suffer, the price of our Equity Shares could decline, and investors may lose all or part of their investments. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations, cash flows and financial condition. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risks where the effect is not quantifiable and hence has not been disclosed in the applicable risk factors.

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing all or a part of their investment. Investors are advised to read the risk factors described below carefully before making an investment decision in this Issue. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved. Investors should consult their tax, financial and legal advisors about the particular consequences to them of an investment in this Issue. To obtain a complete understanding of our Company, this section should be read in conjunction with the sections titled "Our Business", "Management's Discussion and Analysis of Financial Condition and results of Operations" and "Industry Overview" on pages 140, 83 and 101, respectively, as well as the financial statements and other financial information included elsewhere in this Placement Document.

The financial information included in this section for Fiscals 2018 and 2017 has been extracted from our Audited Consolidated Financial Statements for Fiscal 2018 and 2017, prepared under Ind AS. The financial information included in this section for Fiscal 2016 has been extracted from our Audited Consolidated Financial Statement for Fiscal 2017 (containing restated comparative financial information for Fiscal 2016, prepared under Ind AS).

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward-looking statements because of certain factors, including considerations described below and in the section titled "Forward-Looking Statements" on page 16.

INTERNAL RISK FACTORS

1. ***Our business is dependent on our manufacturing facilities and we are subject to certain risks in our manufacturing process. Any slowdown or shutdown in our manufacturing operations or under-utilization of our manufacturing facilities could have an adverse effect on our business, results of operations and financial condition.***

   We conduct our operations through our 17 manufacturing facilities located at Vapi, Sarigam, Jhagadia, Dahej and Kutch in Gujarat, Tarapur and Dombivali in Maharashtra, Pithampur in Madhya Pradesh and also in the Union Territory of Silvassa and Nagar Haveli. Our business is dependent upon our ability to manage our manufacturing facilities, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment or industrial accidents and severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace the same. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections and testing, or may shut down certain facilities for capacity expansion and equipment upgrades. We may also face protests from local citizens at our existing facilities or while setting up new facilities, which may delay or halt our operations.

   Although we have not experienced any significant disruptions at our manufacturing facilities in the past, we cannot assure you that there will not be any disruptions in our operations in the future. Our inability to effectively

respond to such events and rectify any disruption, in a timely manner and at an acceptable cost, could lead to the slowdown or shut-down of our operations or the under-utilization of our manufacturing facilities, which in turn may have an adverse effect on our business, results of operations and financial condition.

2. As part of our growth strategy, we are in the process of establishing manufacturing units at the Dahej SEZ for the manufacture of various speciality chemical intermediates. Implementation risks along with possible time or cost overruns could adversely affect our business and results of operations.

We are in the process of establishing two manufacturing units at the Dahej SEZ for the manufacture of synthetic organic products ("**Upcoming Manufacturing Units**").

The cost of the Upcoming Manufacturing Units is estimated to be ₹ 670.80 crores (*Source: Reports titled "Pre-Feasibility Report on Proposed Project of Manufacturing of Organic Chemicals of Aarti Industries Limited (Unit II)" dated March 8, 2019 and "Pre-Feasibility Report on Proposed Project of Manufacturing of Organic Chemicals of Aarti Industries Limited (Unit III)" dated March 8, 2019, each prepared by M-Tech Services LLP).* The Upcoming Manufacturing Units are proposed to be capitalised through funds from this Issue and internal accruals. The Upcoming Manufacturing Units are proposed to be completed by Fiscal 2021. For further details of the Upcoming Manufacturing Units, see "*Our Business*" and "*Use of Proceeds*" on page 140 and 74, respectively. The Upcoming Manufacturing Units cost as well as the proposed completion time are management estimates and in the event such estimates prove to be incorrect, our business plans and consequent results of operations may be adversely affected. Moreover, the Upcoming Manufacturing Units face implementation risks associated with them having long implementation schedules and associated risks including cost and time overruns. Moreover, the scheduled time and cost estimation of the Upcoming Manufacturing Units are subject to delays as a result of, among other factors, delay in supply of equipment, contractor performance shortfalls, unanticipated cost increases, inability in obtaining government approvals or other environmental clearances, in a timely manner or at all, and force majeure events, the occurrence of any of which could give rise to cost and/ or time overruns or abandonment of the Upcoming Manufacturing Units.

The completion of the Upcoming Manufacturing Units is also dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant and machinery and supply and testing of equipment. We are unable to assure you that the performance of external agencies will meet the required specifications or performance parameters, which could adversely affect our business and results of operations.

Additionally, our Company has entered into two memorandums of understanding with a transferor, each dated February 4, 2019, for the transfer of lease rights in relation to certain properties. The estimated cost for Land Transfer is ₹ 160.23 crores. These transfers are subject to fulfilment of certain conditions precedent including payment of transfer charges and obtaining approvals from authorities and we cannot assure you that they will be completed on time or at all. Further, in line with our strategy, we have entered into long-term supply contracts with certain of our key customers. Committed delivery schedules and pre-agreed pricing structures in such contracts could expose us to risks arising from availability of raw materials and fluctuations in raw material prices in the future. We may not be able to adequately adjust our inventory in case of cancellation of orders under such contracts. Each of the aforementioned factors could affect our profitability under these long term contracts.

Moreover, our decision to undertake the Upcoming Manufacturing Units is based on our understanding of the demand in the markets of the products that we manufacture and operate in, globally and in India. In the event our estimates prove to be incorrect, or we are unable to market such products in a commercially successful manner or in the event we are unable to operate the Upcoming Manufacturing Units successfully, our investment in the Upcoming Manufacturing Units would suffer and so would our results of operations.

3. We do not have long-term agreements with suppliers for our raw materials and an increase in the cost of, or a shortfall in the availability or quality of such raw materials could have an adverse effect on our business and results of operations.

We usually do not enter into long-term supply contracts with any of our raw material suppliers and typically source raw materials from third-party suppliers or the open market. The absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require and we may be unable to pass these costs onto our customers, which may reduce our profit margins. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on commercially acceptable terms, may adversely affect our operations.

4. Exchange rate fluctuations may adversely affect our results of operations as our sales from exports and a portion of our expenditures are denominated in foreign currencies.

Our financial statements are prepared in Indian Rupees. However, our sales from exports and a portion of our raw materials expenditures are denominated in foreign currencies, mostly the U.S. Dollars. During Fiscal 2018, our revenue from exports was ₹ 1,690.98 crore and revenue from exports as a percentage of total revenue was 44.48%. Further, during Fiscal 2018, the cost of raw material imports as a percentage of overall raw material cost was 21.41%. Therefore, changes in the relevant exchange rates could also affect sales, operating results and assets and liabilities reported in Indian Rupees as part of our financial statements. While we hedge a portion of the resulting net foreign exchange position, we are still affected by fluctuations in exchange rates among the U.S. dollar and the Indian Rupee and we cannot assure you whether hedging or other risk management strategies will be effective. In Fiscal 2018, our net foreign currency denominated sales (consolidated sale in foreign currency less consolidated expenses in foreign currency) amounted to ₹ 1,048.81 crore. Accordingly, while we enter into hedging transactions to minimize our currency exchange risks, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. Dollar or other foreign currencies. Additionally, we have incurred losses due to these fluctuations in foreign currency in the last few years.

5. We require various licenses and approvals for undertaking our businesses and the failure to obtain or retain such licenses or approvals in a timely manner, or at all, may adversely affect our operations.

Our business operations are subject to various laws, the compliance of which is supervised by multiple regulatory authorities and government bodies. In order to conduct our business, we are required to obtain multiple licenses, approvals, permits and consents. Additionally, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditure. Furthermore, we incur significant expenditure in order to comply with such applicable laws and regulations. If we fail to comply, or a regulator claims we have not complied, with these conditions, our business, financial condition and results of operations would be materially adversely affected.

Amongst the laws that we must adhere to, environmental, health and safety laws and regulations are one of the most critical laws. These include laws and regulations that limit the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of hazardous waste materials, amongst others. Significant fines and penalties may be imposed for non-compliance with such environmental laws. Additionally, we may need to apply for more approvals in the future including renewal of approvals that may expire from time to time. If we fail to renew, obtain or retain any of such approvals, in a timely manner, or at all, our business may be adversely affected. We are also inspected at regular intervals by various environmental protection agencies to ensure our compliance with applicable laws and regulations. We are also required to obtain permits from governmental authorities for certain aspects of our operations. These laws and regulations and permits often require us to purchase and install expensive pollution control equipment or to make operational changes to limit impacts or potential impacts on the environment and/or health of our employees. Furthermore, two for our manufacturing units are USFDA approved which results in on going inspection and compliance requirement from that United States authorities that we are required to comply with. Our failure to comply with such global regulatory requirements, amongst others, could also adversely affect our business, financial condition and results of operations.

6. We require substantial financing for our business operations and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability

We require substantial capital for our business operations. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your interest in the Company, and could adversely impact our Equity Share price.

Our ability to obtain additional financing on favorable terms, if at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, general market conditions and market conditions for financing activities and the economic, political and other conditions in the markets where we operate. We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our planned capital expenditure, our business, results of operations and financial condition.

7. We have received notices from regulatory authorities in the past; and in particular from the environmental authorities, which may result in litigation, penalties, fines or cancellation / suspension of our operating licenses.

Our operations, particularly at our manufacturing plants, are subject to stringent scrutiny, inspection and audit from third party environmental agencies, including governmental authorities. During the course of and post such audits and inspections, our Company receives routine notice from the environmental authorities, in connection with each of our manufacturing plants. Certain such notices received are industry-wide notices that are dispatched by the authorities and are not specific to our Company. Our Company routinely replies to each such notice received. Additionally, our Company has, from time to time, also received show cause notices from the environmental authorities to which our Company seeks to provide adequate responses. Typically, such notices require our Company to provide the regulatory authorities with information such as production data during a period, power and water consumption data, amongst others. At times, we are also asked to maintain prescribed pH levels. In the past we have been instructed to repair pumps and leaks at our manufacturing facilities, upgrade our effluent treatment plant infrastructure and install and update software used in our machinery. While no such notice has materialized into a litigation in the past, we cannot assure you that such notices will not culminate in legal proceedings in the future, neither can we assure you that fines, penalties or damages will not be imposed on our Company pursuant to such notices. Furthermore, if the authorities deem that our Company's responses do not sufficiently address the concerns raised in these notices, there is also a possibility that the environmental authorities may cancel, suspend or withdraw the approvals, permits or consents granted to our Company. In the event that such environmental notices result in litigations, fines or the cancellation of our licenses, it could adversely affect our business, results of operations and financial condition.

8. The objects of the Issue for which funds are being raised, are based on data from third party sources and our management estimates and the same have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in the chapter titled "Use of Proceeds".

The fund requirement and deployment, as mentioned in the "*Use of Proceeds*" on page 74 of this Placement Document is based on the reports titled "Pre-Feasibility Report on Proposed Project of Manufacturing of Organic Chemicals of Aarti Industries Limited (Unit II)" dated March 8, 2019 and "Pre-Feasibility Report on Proposed Project of Manufacturing of Organic Chemicals of Aarti Industries Limited (Unit III)" dated March 8, 2019, each prepared by M-Tech Services LLP and estimates of our management, and has not been appraised by any bank or financial institution. These fund requirements are based on our current business plan. Further, in order to implement our current business plan, we may be required to comply with and fulfil our obligations under contracts in connection with such proposed expansion. We cannot assure that the current business plan will be

implemented in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these fund requirements.

Further, we cannot assure that the actual costs or schedule of implementation as stated in the chapter "*Use of Proceeds*" will not vary from the estimated costs or schedule of implementation. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our expected revenues and earnings.

9. Delay in raising funds from the Issue could adversely impact the implementation schedule which may adversely affect our cash flow position, our business, results of operations and financial condition.

Our Company's proposed objects of the Issue are to be funded from the proceeds of this Issue. Any failure or any delay on our Company's part to mobilize the required resources through this Issue or any shortfall in the Issue proceeds may delay the implementation schedule. Our Company, therefore, cannot assure that it would be able to execute the proposed plans within the given time frame, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our cash flow position, our business, results of operations and financial condition. For details on schedule of implementation and use of proceeds, please see "*Use of Proceeds*".

10. Our insurance coverage may not adequately protect us against all losses or the insurance cover may not be available for all the losses as per the insurance policy, which could adversely impact our results of operations.

Operating and managing a business involves many risks that may adversely affect our operations, and the availability of insurance is therefore important to our operations. We believe that the insurance coverage we maintain would reasonably be adequate to cover most normal risks associated with the operation of our business. However, to the extent that any uninsured risks materialise or if we fail to effectively cover ourselves against any risks, we could be exposed to substantial costs and losses that would adversely affect our financial condition. In addition, we cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims, or that our insurers will not disclaim coverage as to any claims. To the extent that we suffer loss or damage that is uninsured or underinsured, such loss would have to be borne by us and it could have a material adverse effect on our results of operations and financial condition. For further details of insurance, see "*Our Business*" on page 140.

11. We are subject to certain risks consequent to our operations involving the manufacture, usage and storage of various hazardous substances.

Our manufacturing processes involve manufacturing, storage and transportation of various hazardous substances such as benzene, toluene, sulphuric acid, etc. We are subject to operating risks associated with handling of such hazardous materials such as possibility for leakages and ruptures from containers, explosions, and the discharge or release of toxic or hazardous substances, which in turn may cause personal injury, property damage and environmental contamination. In the event of occurrence of any such accidents, our business operations may be interrupted. Any of these occurrences may result in the shutdown of one or more of our manufacturing facilities and expose us to civil or criminal liability which could have an adverse effect on our results of operations and financial condition. For instance, an incident of fire at our Tarapur plant in 2012 led to burn injuries resulting in death of a contract labourer and stoppage of work. For further details, please see "*Legal Proceedings - Outstanding criminal proceedings involving our Company and/or its Subsidiaries*" on page 220. While the contract labourer was compensated by our Company, proceedings were initiated against our Company which are pending. Moreover, certain environmental laws imposes strict liability for accident/damages resulting from hazardous substances and any failure to comply with such laws may lead to penalties, fines and imprisonment.

12. Our operations are subject to operational risks such as industrial accidents, breakdown of equipment and labour disputes. If any of these risks were to materialize, our business and results of operations could be adversely affected.

As a manufacturing unit, our operations are subject to risks such as industrial accidents at our plants. Such

accidents may adversely affect our business, our reputation and results of operations. Our operations may also be affected by the malfunction or breakdown of our machinery. We have had instances of breakdown of machinery at our manufacturing facilities which impacted our operations. Any malfunction or break-down of our machinery or equipment could also adversely affect the quality of products and raw materials stored with us. Consequently, delays in manufacturing may result in the breach of our contractual obligations to our customers that may result in termination of our supply contracts, which could in turn have an adverse effect on our business, results of operations and financial condition.

Moreover, strikes and lockouts as a result of disputes with our labour force may adversely affect our operations. While we have not had instance of strikes, lockouts or labour disputes in the past, we cannot assure you that we shall not experience any strikes, lockouts or labour disputes in the future. Such events could disrupt our operations and may have a material adverse effect on our business and results of operations.

13. Our pharmaceuticals business is subject to extensive regulation. If we fail to comply with the applicable regulations prescribed by governments and regulatory agencies or our customers, our business, results of operations and financial condition could be adversely affected.

In Fiscals 2018, 2017 and 2016, consolidated revenues from our Pharmaceuticals Segment amounted to ₹ 556.22 crore, ₹ 426.07 crore and ₹ 425.76 crore, respectively, which constituted 14.61%, 13.47% and 14.16%, respectively, of our consolidated revenue from operations. We operate in a highly regulated industry and our operations are subject to extensive regulation in each market in which we do business. The penalties for non-compliance with these regulations can be severe, including the revocation or suspension of our business license, imposition of fines and criminal sanctions in those jurisdictions.

We have ongoing obligations to regulatory authorities, such as the Central Drugs Standard Control Organization of India ("**CDSCO**") and the Food Safety and Standards Authority of India ("**FSSAI**"), in each case, in India, the United States Food and Drug Administration ("**USFDA**") in the United States, the Medicines and Healthcare Products Regulatory Agency in the United Kingdom ("**UK-MHRA**") and the European Medicine Agency ("**EMA**") in the EU, both before and after a product's commercial release. For example, our manufacturing facilities and products are subject to auditing processes by various regulatory agencies of the countries where we market and sell our products, including the USFDA. Regulatory agencies may at any time inspect our manufacturing facilities or the quality of our products based on newly developed scientific knowledge and/or tools. If any inspection or quality assessment results in observations/ alerts or sanctions, the relevant regulator may amend or withdraw our existing approvals to manufacture and market our products in such jurisdiction, which could adversely affect our business, financial condition and results of operations. Any change in sanctions regulations or laws may adversely affect our business.

14. Restrictions on import of raw materials and an increase in shipment cost may adversely impact our business and results of operations.

During Fiscal 2018, we imported raw materials amounting to ₹ 464.63 crore, which amount to 21.41% of our total expenses incurred on raw materials during the period. Some of our raw material imports are regulated by the Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 that, *inter alia*, allows the concerned authority to stop any import if it is deemed that the chemicals proposed to be imported may cause major accidents. We are unable to assure you that such regulations would not be made more stringent which would consequently restrict our ability to import raw materials from other jurisdictions. We also cannot assure you that, under these circumstances, we will be successful in identifying alternate suppliers for raw materials or we will be able to source the raw materials at favorable terms in a timely manner. Any restriction on import of raw materials could have an adverse effect on our ability to deliver products to our customers, business and results of operations. Further, a significant portion of our expenses is due to freight carriage and transport and freight and forwarding expense and export freight charges. Any increase in export tariff will increase expenses which in turn may impact our business and results of operations.

15. We are in the process of demerging the home and personal care undertaking of our Company into Arti Surfactants Limited, and any failure to realize the anticipated benefits of this demerger may have an adverse effect on our business, results of operations, financial condition and cash flows.

Our Board of Directors and our Shareholders approved the Scheme of Merger on June 28, 2018 and February 8, 2019 respectively, for demerger of the home and personal care undertaking of our Company to Arti Surfactants Limited, which is currently our Subsidiary. Pursuant to the demerger Arti Surfactants Limited will cease to be a subsidiary of our Company. For further details, please see "*Our Business – Demerger of our HPC Segment*" on page 151. We cannot assure you that this demerger of our home and personal care undertaking will result in the realization of all or any of the anticipated benefits to our Company. The success of this demerger will depend, in part, on our ability to realize the anticipated growth opportunities from demerging these businesses. If our management's attention is diverted or there are any difficulties associated in separating these businesses, our results of operations and cash flows could be adversely affected. Even if we are able to successfully demerge the business operations, we may not be able to realize all the benefits we currently expect as a result of the demerger. Any failure to realize the anticipated benefits in a timely manner, or at all, could have an adverse effect on our business, results of operations, financial condition and cash flows.

16. Fluctuation in the prices of raw materials and crude oil may affect our ability to price our products competitively.

The raw materials we use in our manufacturing process are primarily sourced from third party suppliers globally and in India. During Fiscal 2018, consumption of raw materials was ₹ 1,889.09 crore, which as a percentage of our total expenses was 55.81%. Our raw materials include benzene, concentrated nitric acid, aniline, alpha olifine, sulphur and phthalic anhydride, amongst others, the prices of which have been volatile in the past. As a result, we continue to remain susceptible to the risks arising out of raw material price fluctuations which could result in declining operating margins. Some of our raw materials also include derivatives of crude oil, such as benzene, toluene, etc. The price of such raw materials is linked to a formula based on the international prices of such raw material and the variations are typically passed on to the customer. The prices of our key raw materials globally have been volatile and increases in the prices of such materials would have an impact on our cost of production. This may affect the volumes sold and consequently, would adversely affect our financial condition and results of operations.

While we have generally been able to pass on increase in prices of such raw materials to our customers, our inability to do so in the future could adversely affect our ability to price our products competitively.

17. Our reliance on certain industries for a significant portion of our sales could have an adverse effect on our business.

Our products have applications in industries such as agrochemicals, pharmaceuticals, polymer additives, pigments and dyes, beverages, amongst others. Consequently, our revenues are dependent on the end user industries that use our products as an input. Factors affecting any of these industries in general, or any of our customers in particular, could have a cascading adverse effect on our business and our results of operations. Such factors include, but are not limited to, the following:

a. seasonality of demand for our customers' products, which may cause our manufacturing capacities to be underutilised during specific periods;
b. our customers' failure to successfully market their products or to compete effectively;
c. loss of market share, which may lead our customers to reduce or discontinue the purchase of our products; and
d. economic conditions of the markets in which our customers operate.

For any of the above reasons or for any other reason whatsoever, in the event sales to our customers were to substantially decrease, our business, results of operations and financial condition could be adversely affected.

18. Some of our group companies are engaged in businesses / industries in which our Company operates and are in a similar line of business or could offer services that are related to the business of our Company. This may be a potential source of conflict of interest for us and which may have an adverse effect on our operations.

We are part of a diversified group which has grown organically and inorganically over a period of time. There are a number of companies in the group which are engaged/may be engaged in a similar line of business or offer services that are related to the business of our Company, including pharmaceutical business, amongst others. This may be a potential source of conflict of interest for our Company and may have an adverse effect on our operations. Further there is no assurance that a conflict of interest may not occur between our business and the business of our group companies in the future, or that we will be able to suitably resolve such a conflict without an adverse effect on our business or operations**.**

19. A majority of our manufacturing plants are located in Gujarat exposing us to regulatory and other geography specific risks such as labour unrests, terrorist attacks, other acts of violence and occurrence of natural and man-made disasters in Gujarat.

We operate 17 manufacturing plants, 11 of which are located in Gujarat. Additionally, we have over 100 acres of land in Jhagadia available for future development. The concentration of our operations in Gujarat heightens our exposure to adverse developments related to regulation, as well as economic, demographic and other changes in Gujarat, which may adversely affect our business prospects, financial conditions and results of operations. Our manufacturing operations require significant labour and are also reliant on government policies in terms of taxes, duties and incentives made applicable by the state government. As a result, any unfavorable policies in Gujarat, could adversely affect our business, financial condition and results of operations.

Furthermore, Gujarat has experienced social and civil unrest in the past within the state and such tensions could lead to political or economic instability in Gujarat and a possible adverse effect on our business and future financial performance. There can be no assurance that such situations will not recur or be more intense than in the past. Terrorist attacks and other acts of violence or war may adversely affect economic growth. These acts may also result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on our business, results of operations and financial condition. Further, the occurrence of natural disasters, including hurricanes, floods, tsunamis, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, may adversely affect our financial condition or results of operations.

20. We have incurred significant capital expenditure during the last three Fiscal Years.

During Fiscal 2018, 2017 and 2016, we incurred capital expenditure of ₹ 614.78 crore, ₹ 530.22 crore, ₹ 468.27 crore, respectively. A significant amount of our capital expenditure was aimed at increasing our manufacturing capacities. Our management adopts and implements business strategies taking into account a number of macro and micro economic considerations, including our current financial condition and expected levels of growth over the medium to long term.

There can be no assurance that our expansion plans will be implemented as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. If we experience significant delays or mishaps in the implementation of the expansion plans or if there are significant cost overruns, then the overall benefit of such plans to our revenues and profitability may decline. To the extent that the planned expansion does not produce anticipated or desired output, revenue or cost-reduction outcomes, our profitability and financial condition will be adversely affected.

21. Some of our corporate records, statutory filings and records pertaining to educational qualifications of our Senior Management are lost or are not traceable in relation to certain disclosures made in this Placement Document.

Certain corporate records and regulatory filings made by us, including those in relation to form filings made with the registrar of companies for historical issuances and allotments of equity shares of our Company are lost

or are not traceable. Accordingly, our Company had appointed a practicing company secretary to undertake a search of the documents at the office of the RoC; however, such documents were not traceable. Further, we do not have documentary proof for certain details included in the Directors' biographies under the section "*Board of Directors and Senior Management*" on page 157. The experience and qualifications of certain Directors included in the section are based on affidavits provided by such Directors, certifying the authenticity of the information regarding their qualifications and / or experience, as the case may be, set out in this Placement Document. Particularly, we have not been provided with: (a) bachelors' degree in Commerce from Davar's College for Mr. Shantilal Tejshi Shah; and (b) master's degree in Law from University of Mumbai for Mr. Ramdas Maneklal Gandhi, for which we have relied upon the affidavit.

We cannot assure you that such corporate records will be available in the future. We cannot assure you that we will not be subject to any penalty imposed by the competent regulatory authority in this respect or that we will not incur additional expenses arising from our inability to furnish correct particulars in respect of the RoC filings or other corporate records, or for misrepresentation of facts which may occur due to non-availability of documents.

22. We engage contract labour for carrying out certain business operations.

In order to retain operational efficiencies, we engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing units as well as at our offices. Although we do not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and our financial conditions.

23. We are dependent on third parties for transportation of raw material and the supply of utilities, such as water, gas and electricity, at our manufacturing facilities and any disruption in the supply of such utilities could adversely affect our manufacturing operations.

We procure utilities such as water, coal, natural gas and electricity from third parties for use at our manufacturing units. Reliance on third parties for such utilities exposes us to risks such as shortage or break down in supply, the correction of which is in the hands of such third parties. Any breakdown of our relationship with any of our utility providers could adversely affect our operations. As part of our manufacturing process, we use natural gas supplied by a state owned gas company. In case of a break- down of our relationship with the utility providers, we are unable to assure you that we shall be able to source such utilities from alternate sources in a timely manner, which could adversely affect our operations and results.

Further, we typically rely on third-party transportation providers to supply most of the raw materials and to deliver products to our customers. If, for any reason, primary suppliers of raw materials should curtail or discontinue their delivery of such materials or products to us in the quantities we need, or on commercially acceptable terms, production schedules could be disrupted and our business and results of operations could be adversely affected.

24. We are subject to certain legal proceedings and we cannot assure you that we will be successful in all of these actions. In the event we are unsuccessful in litigating any or all of the disputes, our business, results of operations and cash flows may be adversely affected.

We are contesting certain legal proceedings in various courts and tribunals, including certain civil, criminal, labour and tax cases before various forums and cannot assure you that the outcome of these legal proceedings will be favourable. We have also been issued legal notices by parties that could potentially result in legal proceedings. Any adverse decision in any of these cases may adversely affect our reputation and financial condition. Such litigation could divert management time and attention, and consume financial resources in their defense or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, financial condition, reputation, results of operations and cash flows could be adversely affected. Additionally,

our Subsidiary, Aarti Corporate Services Limited has received notices in the past for, amongst other things, failure to communicate details of principal officer to Financial Intelligence Unit – India ("**FIU-Ind**") and failure to submit mandatory returns to the RBI, namely NBS8/9. For further details of the legal proceedings that we are subject to, please see the chapter titled "*Legal Proceedings*" on page 220.

25. Our inability to successfully implement some or all of our business strategies in a timely manner or at all could have an adverse effect on our business.

As part of our strategy aimed towards business growth and improvement of market position, we intend to implement several business strategies, which include:

- Expansion in existing vale chain and increased production of value added products;
- Deepening relationships with existing customers through co-development and strategic alliances;
- Entering into new product value chains;
- Entering into long term customer contracts and manufacturing outsourcing; and
- Expansion of our Pharmaceuticals Segment.

For further details of our strategies, see "*Our Business*" on page 140. We are unable to assure you that we shall be successful in implementing any or all of these key strategies, in an effective and timely manner. Failure to implement such strategies in a timely manner, if at all, would adversely affect our prospects, business and results of operations.

26. We face competition from both domestic as well as multinational corporations and our inability to compete effectively may have a material adverse impact on our business and results of operations.

Competition in our business is based on pricing, relationships with customers, product quality, customisation and innovation. We face pricing pressures from foreign companies that are able to produce chemicals at competitive costs and consequently, supply their products at cheaper prices. Moreover, Indian chemical companies are faced with poor infrastructure and lack of adequate facilities at ports and railway terminals as well as poor pipeline connectivity, which imposes difficulties in raw material procurement and at a cost competitive price with global peers. We are unable to assure you that we shall be able to meet the pricing pressures imposed by such multinational competitors which would adversely affect our profitability.

Additionally, some of our competitors in the fine and speciality chemicals segment may have greater financial, research and technological resources, larger sales and marketing teams and more established reputation. They may also be in a better position to identify market trends, adapt to changes in industry, innovative new products, offer competitive prices due to economies of scale and also ensure product quality and compliance.

27. Our failure to manage growth effectively may adversely impact our business, prospects, financial condition and results of operations.

Our revenues from operations increased by 20.31%, from Fiscal 2017 to Fiscal 2018 and by 5.22% from Fiscal 2016 to Fiscal 2017. Our ability to sustain growth depends primarily upon our ability to manage key issues such as our ability to sustain existing relationships with our clients, ability to obtain raw materials at better prices, ability to compete effectively, ability to scaling up our operations, adhering to high quality and execution standards, our ability to expand our presence in India as well as globally, the effectiveness of our marketing initiatives, selecting and retaining skilled personnel, etc. Sustained growth also puts pressure on our ability to effectively manage and control historical and emerging risks. Our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, prospects, financial condition and results of operations.

28. Our performance may be adversely affected if we are not successful in managing our inventory or working capital.

We evaluate our inventory balances of materials based on shelf life, expected sourcing levels, known uses and

anticipated demand based on forecasted customer order activity and changes in our product sales mix. Efficient inventory management is a key component of the success of our business, results of operations and profitability. To be successful, we must maintain sufficient inventory levels and an appropriate product sales mix to meet our customers' demands, without allowing those levels to increase to such an extent that the costs associated with storing and holding other inventory adversely affects our results of operations. Our inventory levels have increased significantly over the last three Fiscals. If our raw materials purchase decisions do not accurately predict sourcing levels, customer trends or our expectations about customer needs are inaccurate, we may have to take unanticipated markdowns or impairment charges to dispose of the excess or obsolete inventory, which can adversely affect our results of operations. In addition, our working capital requirements have increased in recent years due to the general growth of our business. If a client defaults in making its payment on a product to which we have devoted significant resources, it may also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. All of these factors may result, or have resulted, in increases in our working capital requirements. If we are unable to finance our working capital needs, or secure other financing when needed, on acceptable commercial terms or at all, it may adversely affect our business, growth prospects and results of operations.

29. An inability to attract, recruit and retain our senior management and other key personnel could adversely affect our business and results of operations.

The success of our business is heavily dependent on our executive Directors, senior management and other key personnel. We are unable to assure you that we shall be able to retain any or all of our senior management personnel or attract new senior management personnel in case of such attrition. We do not maintain "key man" insurance for these individuals. The loss of the services of our executive Directors, senior management or other key personnel may have an adverse effect on our business or results of operations.

30. Our ability to access capital at attractive costs depends on our credit ratings. Non availability of credit ratings or a poor rating may restrict our access to capital and thereby adversely affect our business and results of operations.

The cost and availability of capital, among other factors, depend on our credit ratings. Our debt has been rated IND AA-/Stable by way of letter dated December 10, 2018, by India Ratings & Research Private Limited and CRISIL AA- (long-term rating) and CRISIL A1+ (short-term rating) by CRISIL Limited by way of letter dated July 10, 2018. Our credit ratings reflect, amongst other things, the rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our inability to obtain such credit ratings in a timely manner or any non-availability of credit ratings, or poor ratings, or any downgrade in our ratings may increase borrowing costs and constrain our access to capital and lending markets and, as a result, could adversely affect our business and results of operations.

In addition, non-availability of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

31. We are subject to strict quality requirements, regular inspections and audits, and any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our reputation and our business and results of operations and prospects.

We develop, manufacture and market a diverse range of chemical products, APIs and formulations, which are primarily used as raw materials for host of products in the specialty chemicals, pharmaceuticals and home and personal care segments. Additionally, two manufacturing plants in our Pharmaceuticals Segment are approved by the USFDA. Accordingly, our customers maintain strict qualification and/or certification procedures. Our products go through various quality checks at various stages including random sampling check and quality check by internal and external agencies. Many of our key customers have audited and approved our facilities and manufacturing processes in the past, and may undertake similar audits periodically in the future. Failure of our products to meet prescribed quality standards may result in rejection and reworking of our products. This may result in our customers cancelling present or future purchases of our products.

We have obtained certifications such as "Star Kosher", "HACCP" and "GMP" for manufacturing and testing and we have also procured IMS certifications for our major operations. While we have put in place quality control procedures, we cannot assure that our products will always be able to satisfy our prescribed quality standards. Our quality control procedures may fail to test for all possible conditions of use or identify all defects in the manufacturing of our products. Any failure on our part to successfully maintain quality standards for our products may affect our customer relationships, which may adversely affect our business, results of operations and prospects.

32. Our Promoters have significant control over us and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.

As on December 31, 2018, our Promoters, together with the members of the Promoter Group, beneficially own 52.74% of our issued and outstanding Equity Shares. The Promoters have the ability to control our business, including matters relating to any sale of all or substantially all of our assets, timing and distribution of dividends, election of our officers and directors and change of control transactions. The Promoters' control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in the Company's best interest. The Promoters and members of the Promoter Group may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders.

33. Our inability to meet our obligations under our debt financing arrangements could adversely affect our business, results of operations and cash flows.

As of March 31, 2018, we had total secured borrowings (long term and short term) of ₹ 1,941.82 crores and total unsecured borrowings (long term and short term) of ₹ 141.20 crores.

Our substantial indebtedness could:

i. require us to dedicate a substantial portion of our cash flow from operations to payments in respect of our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate expenditures;
ii. increase our vulnerability to adverse general economic or industry conditions;
iii. limit our flexibility in planning for, or reacting to, competition and/or changes in our business or our industry;
iv. limit our ability to borrow additional funds;
v. restrict us from making strategic acquisitions, introducing new products or services or exploiting business opportunities; and
vi. place us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

We cannot guarantee that we will be able to generate enough cash flow from operations or that we will be able to obtain enough capital to service our debt or fund our planned capital expenditures. In addition, adverse changes in the business conditions affecting us could cause the amount of refinancing proceeds to be insufficient to meet our interest payments or fully repay any existing debt upon maturity and we may be unable to fund the payment of such shortfalls. If we cannot obtain alternative sources of financing or our costs of borrowings become significantly more expensive, then our financial condition and results of operations will be adversely affected.

34. We are required to comply with various financial and other covenants under the loan agreements that we are a party to. If we are not in compliance with the covenants contained in such loan agreements, including obtaining the relevant consents from our lenders for the Issue, our lenders could accelerate their respective repayment schedules, and enforce their respective security interests, which would lead to an adverse effect on our business, results of operations and financial condition.

We are required to comply with various financial and other covenants under the loan agreements that we are a party to, including but not limited to, amongst other things, obtaining, wherever applicable, prior consents from our existing lenders for further borrowings, including undertaking this Issue, maintenance of financial ratios and for creation of encumbrances over certain of our assets.

Undertaking the Issue without lender consents constitutes a default by our Company under the relevant financing documents and will entitle the relevant lenders to call a default against our Company and to enforce remedies under the terms of the financing documents, that include, amongst other things, acceleration of repayment of the amounts outstanding under the financing documents, enforcement of security interests created under the financing documents, and taking possession of the assets given as security pursuant to the financing documents. An event of default would affect our Company's ability to raise new funds or renew borrowings as needed to conduct our operations and pursue our growth initiatives. Further, such an event of default could also trigger a cross-default under certain other financing documents of our Company, or any other agreements or instruments of our Company containing a cross-default provision, which may have a material adverse effect on our Company's operations, financial position and credit rating. Consequently, our Company may have to dedicate a substantial portion of its cash flow from operations to make payments under the financing documents, thereby reducing the availability of our Company's cash flow to meet its working capital requirements and use for other general corporate purposes. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, our Company may be unable to pay its debts as they fall due.

35. We are yet to receive certain registrations in connection with the protection of our intellectual property rights, especially patents relating to our products. Such failure to protect our intellectual property rights could adversely affect our competitive position, business, financial condition and profitability.

We depend heavily on our intellectual property. We have applied for certain registrations in connection with the protection of our intellectual property relating to patents of our products. Certain of our patents, including those for products which we currently sell, are unregistered, been opposed, withdrawn, objected or are otherwise under dispute. If any of our unregistered patents are registered in favor of a third party, we may not be able to claim registered ownership of such patents, and consequently, we may be unable to seek remedies for infringement of those patents by third parties other than relief against passing off by other entities. Our inability to obtain or maintain these registrations may adversely affect our competitive business position.

36. We have entered into and may, in future, enter into related party transactions. We may face conflicts of interest in transactions with related parties.

In the course of our business, we have entered into and may continue to enter into transactions with related parties. For more information regarding our related party transactions, see "*Financial Information - Related Party Transactions*". While we believe that all of our related party transactions have been conducted on an arm's length basis in the ordinary course of business, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, results of operations and financial condition, including because of potential conflicts of interest or otherwise.

37. We engage in hedging transactions which involves certain risks. If any of such risks materializes, our financial performance could be adversely affected.

We are exposed to market risks arising from the conduct of our business activities that are denominated in foreign currencies, which is subject to exchange rate fluctuations. During Fiscal 2018, 44.48% of our total revenue was from exports and consumption of imported raw materials constituted 21.41% of our total raw material consumption. Since we have significant exposure in foreign exchanges, we have hedged risks arising out of exchange rate fluctuations and fluctuations in interest rates by entering into hedging arrangements with various banks. Our hedging arrangements are typically on a 36 month rolling basis. Hedging agreements exposes us to certain risks which, if materializes, could adversely affect our profitability. Although we engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements,

there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

38. If any of the products of our customers cause, or are perceived to cause, severe side effects, our reputation, revenues and profitability could be adversely affected.

We develop, manufacture and market a diverse range of chemical products and formulations, which are primarily used as raw materials for a variety of end user applications. If our customers' products cause, or are perceived to cause, severe side effects to their end-users, we may face a number of consequences, including, a severe decrease in the demand for, and sales of, the relevant products; the recall or withdrawal of the relevant products; withdrawal or cancellation of regulatory approvals for the relevant production facility; damage to our reputation and brand name; and exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or sanctions. As a result of these consequences, our reputation, revenues and profitability may be adversely affected.

39. Our contingent liabilities that have not been provided for in our financial statements on materialisation may have an adverse impact our financial condition.

The table below sets out our standalone contingent liabilities (as disclosed in our Audited Consolidated Financial Statements and prepared in accordance with Ind AS) that have not been provided for, as of March 31, 2018.

Contingent Liabilities	Amount (₹ in Crores)
Claims against the company not acknowledged as Debt	89.76
Letters of Credit, Bank Guarantees and Bills discounted	69.89
Total	**159.65**

Any or all of these contingent liabilities may become actual liabilities. In the event that any of these contingent liabilities materialises, our business, results of operations, prospects, cash flows and financial condition may be adversely affected.

40. Non-compliance with and changes in, safety, health, environmental and labour laws and other applicable regulations, may adversely affect our business, results of operations, financial condition and cash flows.

We are subject to laws and government regulations, including in relation to safety, health, environmental protection and labour. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We handle and use hazardous materials in our R&D and manufacturing activities and the improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. We try to prevent such hazards by training our personnel, conducting industrial hygiene assessments and employing other safety measures. However, we cannot assure you that we will not experience accidents in the future. Any accident at our facilities may result in personal injury or loss of life, substantial damage to or destruction of property and equipment resulting in the suspension of operations. Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to litigation, which could lower our profits in the event we were found liable, and could also adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shut down our manufacturing plants, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers.

We are also subject to the laws and regulations governing employees, including in relation to minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract

labour and work permits. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. We have also made and expect to continue making capital expenditures on an on-going basis to comply with all applicable environmental, health and safety and labour laws and regulations. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. We cannot assure you that we will not be found to be in non-compliance with, or remain in compliance with all applicable environmental, health and safety and labour laws and regulations or the terms and conditions of any consents or permits in the future or that such compliance will not result in a curtailment of production or a material increase in the costs of production.

41. We do not own the premises of our Registered Office, all our manufacturing facilities except those at Kutch and Silvassa and some of our administration offices.

We do not own our Registered Office premises situated at Plot no. 801, 801/23, GIDC, Phase III, Vapi, Dist. Valsad, Gujarat 396195, premises of all our manufacturing facilities, except those at Kutch and Silvassa and some of our administration offices, are occupied by us on a leasehold basis, which are leased to us either by one of our group companies or third parties. While the lease agreements for our manufacturing facilities are typically long term in nature and provide us with an option to renew them, they also provide the lessor with the right to terminate the lease for non-compliance of the terms of the agreement. We cannot assure you that we will be able to renew our leases on commercially acceptable terms or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements for new offices and other infrastructure and we cannot assure that the new arrangements will be on commercially acceptable terms.

42. Some agreements entered into by our Company with various parties are not stamped and some are not adequately stamped. The said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid and the relevant registration, if required, is done. Further, some of these agreements entered into with various parties across the world contain clauses which provide for dispute resolution outside India, in foreign jurisdictions. This may escalate the cost of litigations, should any arise.

Some agreements entered into by our Company with various parties are not stamped and some are not adequately stamped. The potential consequence of this could be that the said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid, if required, and the required registration is done. Any claim or adverse order / finding in connection with these agreements could adversely affect the operations of our Company. Further, some of these agreements entered into with various parties across the world contain clauses which provide for dispute resolution outside India, in foreign jurisdictions. In case disputes arise in respect of the same which require us to approach judicial or alternative dispute resolution fora, the costs of dispute resolution could be extremely or prohibitively high.

43. Certain data in this Placement Document are based on reports prepared by third party sources and management estimates.

Industry related data are based on reports prepared by third parties such as M-Tech Services LLP. We have not independently verified such data and therefore we are unable to confirm the accuracy of such data. Such information may be inconsistent with the facts and statistics compiled by other studies within or outside India. We are also unable to assure you that that such data is complete or accurate. Moreover, such reports include projections that, by their very nature, is an estimation. Therefore, discussions of matters relating to India, its economy and the industries in which we currently operate and their growth prospects, in this Placement Document, are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete and are speculative. For further details, see "*Industry Overview*" on page 101.

The cost and other estimates for the completion of the Upcoming Manufacturing Units are based on the reports titled "Pre-Feasibility Report on Proposed Project of Manufacturing of Organic Chemicals of Aarti Industries Limited (Unit II)" dated March 8, 2019 and "Pre-Feasibility Report on Proposed Project of Manufacturing of Organic Chemicals of Aarti Industries Limited (Unit III)" dated March 8, 2019, each prepared by M-Tech Services LLP. We are unable to assure you that such estimates shall prove to be accurate and at this point is based on certain assumptions, including our understanding of the market, which may not materialize. In the

event such management estimates prove to be inaccurate, our business, financial conditions and results of operations may be adversely affected.

44. The demand of our products in foreign countries is subject to international market conditions and regulatory risks that could adversely affect our business and results of operations.

We export our products to over 60 countries. During Fiscal 2018, our sales from exports, as a percentage of revenue from operations was 44.48%. Therefore, any developments in the global chemical industry or the industries in which our customers operate could have an impact on our sales from exports. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate or seek to sell our products. There can be no assurance that the European Community and the United States, among others, where we seek to sell our products will not impose trade restrictions on us in future. We may also be prohibited from exporting to certain restricted countries that may be added to a sanctions list maintained by the Government of India or other foreign governments, such as the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the US Department of Treasury in the United States. Any such imposition of trade barriers may have an adverse effect on our results of operations and financial condition.

45. We have in the past, had to revise regulatory filings made with statutory authorities

As an Indian listed company, our Company is required to make certain annual, semi-annual, quarterly and event based filings with authorities such as the Ministry of Corporate Affairs, amongst others. Due to certain changes in law, our Company, in the recent past, was required to revise certain filings made by it to such a regulatory agency. While such inadvertent errors in the filings that are required to be made by the Company have not been penalized in the past, we cannot assure you that they will not be result in a liability on our Company in the future. Such liabilities, if incurred in the future, could have an adverse effect on our cash flows, results of operations and financial condition.

46. Any failure of our information technology systems could adversely affect our business and our operations.

We have information technology systems that support our business processes, including sales, order processing, production, distribution and finance. These systems may be susceptible to outages due to power loss, telecommunications failures, software malfunction, break-ins and similar events. In addition, our proprietary data is stored electronically and may be vulnerable to computer viruses, cybercrime and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, reputation and expose us to potential litigations.

47. The cost of implementing new technologies for our operations could be significant and could adversely affect our results of operations, cash flows and financial condition.

Our future success may depend in part on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. We cannot assure you that we will be able to successfully make timely and cost-effective enhancements and additions to the technology underpinning our operational platform, keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our services less competitive or attractive. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures or write-down of assets. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs (in comparison to our competitors who are able to successfully implement such technologies) and lead to us being less competitive in terms of our prices or quality of services we provide. Further, implementation of new or upgraded technology may not be cost effective, which may adversely affect our profitability. Any of the above events may adversely affect our future prospects, business, results of operations and financial condition.

48. We cannot assure you that our Company will declare dividends to its shareholders in the future.

The declaration and payment of dividends, if any, in the future will be recommended by our Board of Directors, at their discretion and will depend on a number of factors, including our earnings and profitability, cash generated from operations, capital requirements and overall financial conditions. Consequently, we may be unable to pay dividends in the near- or medium-term. In the event we do not declare dividends going forward, our reputation and the price of the Equity Shares shall be adversely affected. While our Company has declared dividend in the past, there can be no assurance that we shall, or shall be able to, declare dividends in future.

RISKS RELATING TO THE EQUITY SHARES

49. We cannot guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner, if at all.

In accordance with Indian law and practice, after our Board or committee passes the resolution to allot the Equity Shares but prior to crediting such Equity Shares into the Depository Participant accounts of the QIBs, we are required to apply to the Stock Exchanges for listing and trading approvals. After receiving the listing and trading approvals from the Stock Exchanges, we will credit the Equity Shares into the Depository Participant accounts of the respective QIBs and apply for the final listing and trading approvals from the Stock Exchanges. There could be a delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of the Equity Shares on the Stock Exchanges. Any delay in obtaining these approvals would restrict your ability to dispose of your Equity Shares.

50. An investor will not be able to sell any of the Equity Shares other than on a recognized Indian stock exchange for a period of 12 months from the date of this Issue.

The Equity Shares are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of the Equity Shares, QIBs subscribing to the Equity Shares may only sell their Equity Shares on the Stock Exchanges and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price and liquidity of the Equity Shares.

51. Any future issuance of the Equity Shares or sales of the Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of the Equity Shares.

A future issuance of Equity Shares by us may dilute your shareholding in the Company. There are no restrictions on our ability to issue further Equity Shares, including allotment of any securities to the Promoters, other than as stipulated under applicable laws. The issue and allotment of Equity Shares by us to third parties would result in a dilution of your shareholding and rights in the Company. A scheme of arrangement, involving our Company, Arti Surfactants Limited and Nascent Chemical Industries Limited ("**Nascent**") and their respective shareholders has been approved by our Board of Directors in their meeting dated June 28, 2018 ("**Scheme**") and has been filed with the Stock Exchanges, SEBI and NCLT. In accordance with the Scheme, the following are proposed: (a) the demerger of our HPC Segment into Arti Surfactants Limited; and (b) demerger of the chemical manufacturing undertaking of Nascent into our Company. Accordingly, in consideration for the demerger of the chemical manufacturing undertaking of Nascent into our Company, 4,48,591 Equity Shares shall be issued by our Company to the shareholders of Nascent in the ratio of 151 Equity Shares of the Company for every 100 equity shares of face value of ₹ 10 each of Nascent. If our Company is required to expand its capital structure pursuant to the scheme of demerger, by way of issuance of Equity Shares or other securities, it would dilute your shareholding in the Company.

Moreover, any significant disposal of Equity Shares by any of our significant shareholders, or the perception that such sales will occur, may affect the trading price of our Equity Shares. As a publicly traded company, there is no restriction on our shareholders to dispose of a part or the entirety of their shareholding in the Company, which could lead to a negative sentiment in the market regarding the Company that could in turn impact the value of the Equity Shares.

52. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may discourage a third party from attempting to take control of our Company, even if a change in control would result in the purchase of the Equity Shares at a premium to the market price or would otherwise be beneficial to investors. The Takeover Code requires that if an acquirer (together with any persons acting in concert with him): (a) acquires shares or voting rights entitling them to exercise 25% or more of the voting rights in a listed company; or (b) already holds shares or voting rights entitling them to exercise 25% or more of the voting rights in a listed company, and acquires shares or voting rights entitling them to exercise more than 5% of the voting rights in the listed company during any financial year; or (c) acquires control directly or indirectly over a listed company, such acquirer will have to make an open offer for at least 26% of the total shares of the listed company. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of our Company. See "*The Securities Market of India*" on page 200.

53. Foreign investors are subject to foreign investment restrictions under Indian law that limits our Company's ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Subject to certain conditions, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted if they comply with the pricing guidelines and reporting requirements specified by RBI. If a transfer of the Equity Shares is not in compliance with such pricing guidelines or reporting requirements, then the prior approval of RBI will be required. In addition, Shareholders who seek to convert the Rupee proceeds from a sale of the Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from RBI or any other Government agency will be obtained on any particular terms or at all.

54. There may be less information available about companies listed on Indian securities markets than companies listed on securities markets in other countries.

There may be differences between the level of regulation and monitoring of companies listed on Indian Stock Exchanges and the activities of investors, brokers and other participants and that of the markets in the United States and certain other countries. Consequently, there may be less publicly available information about companies listed on an Indian Stock Exchange compared with information that would be available if that company was listed on a securities market in certain other countries. Such information asymmetry may affect an investor's judgment while investing in a company listed on an Indian Stock Exchange which could adversely affect the value of such investment.

55. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association and applicable law govern our corporate affairs. Legal principles related to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company incorporated under the laws of another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Consequently, investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation incorporated under the laws of another jurisdiction.

56. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. Additionally, as an Indian Company with Equity Shares and NCDs listed on the Stock Exchanges, we

are subject to additional regulatory requirements, both in terms of compliance with the SEBI LODR Regulations and the terms and conditions of issuance of NCDs.

There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities. For example, the Government of India implemented a comprehensive national goods and services tax regime with effect from July 1, 2017 that combines multiple taxes and levies by the federal and state governments in to a unified tax structure. In addition, the GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain and may or may not have an adverse tax impact on us.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties.

57. Since our Equity Shares are quoted in Indian rupees in India, foreign investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.

Foreign investors are subject to currency fluctuation risk and convertibility risk since our Equity Shares are quoted in Indian rupees on the Indian Stock Exchanges on which they are listed. Dividends on our Equity Shares will also be paid in Indian rupees. Investors that seek to convert the Indian rupee proceeds of a sale of equity shares into foreign currency and export the foreign currency will need to obtain the approval of the RBI for each such transaction. Holders of Indian rupees in India may also generally not purchase foreign currency without general or special approval from RBI.

58. Applicants to the Issue are not allowed to withdraw their Bids after the Bid /Issue Closing Date.

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of our Bank, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/ Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. Our Bank may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

59. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

We are subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates

independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the underlying Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular time.

EXTERNAL RISK FACTORS

60. A slowdown in economic growth in India could cause our business to suffer.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown or perceived slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations, financial condition and the trading price of the Equity Shares.

India's economy could be adversely affected by a general rise in interest rates or inflation, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves and exchange rate fluctuations may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business, cash flow, results of operations and the market price of the Equity Shares.

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like application of GST; political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India or its financial services sectors.

61. Our business is affected by global economic conditions, especially in the geographies we cater to, which may have an adverse effect on our business, financial condition, results of operations and prospects.

Our business depends substantially on global economic conditions. The global economic downturn, which began in 2008, coupled with the global financial and credit market disruptions, weakened end markets, diminished demand and credit availability, and increased borrowing costs. A significant majority of the end users of our products are located and operating in North and South America, Europe, China, Japan and India and some of them were adversely impacted by the economic downturn in these economies, disruption in banking and financial systems, economic weakness, unfavourable government policies, rising inflation, lowering of spending power and customer confidence, and political uncertainty.

There may also be a number of secondary effects of an economic downturn, such as the insolvency of suppliers or customers, delays in deliveries by suppliers, payment delays and/or stagnant/lower demand by customers.

Cuts in federal or central, state and local government investment as well as consequent impairment in infrastructural facilities and infrastructural growth can also drag global and national growth rates down. We are thus unable to predict with any degree of certainty the volumes of federal or central, state and local government investment, or the effects of regulatory intervention.

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. On March 29, 2017, the British Prime Minister delivered a notice to the European Council pursuant to Article 50 of the Treaty of the European Union to initiate the formal process of withdrawal from the European Union. The Article 50 notice dated March 29, 2017, started a two-year period for the United Kingdom to negotiate the terms of its exit from the European Union, although this period can be extended with the unanimous agreement of the European Council. The United Kingdom and the European Union are currently engaged in negotiations to structure their post-Brexit relationship, but significant uncertainty remains about the future relationship between the United Kingdom and the European Union. Further, starting from early 2018, U.S. President Donald J. Trump announced the imposition of tariffs on goods from certain countries, such as China, entering the United States and recently both China and the U.S. have each imposed additional tariffs. The United States may also in the future impose tariffs on the importation of other products that may affect the global economy. Although we do not currently export any such products to the United States, it is not yet clear what impact these tariffs may have or what actions other governments, including the Chinese government, may take in retaliation. These developments have had and may continue to have a material adverse effect on global economic conditions and the stability of global and Indian financial markets and may significantly reduce global and Indian market liquidity and restrict the ability of key market participants to operate in certain financial markets. For instance, in the second half of 2018, there has been significant volatility in the Indian stock markets due to the financial issues surrounding Infrastructure Leasing & Financial Services Limited as well as liquidity issues amongst financial institutions due to various factors.

If we are unable to successfully anticipate and respond to changing economic and credit market conditions, our business, financial condition, results of operations and prospects may be adversely affected.

62. A slowdown in economic growth globally could adversely affect our business, results of operations, financial condition and cash flows.

A significant portion of our revenue is derived from exports. Our performance, growth and market price of our Equity Shares are dependent on the economies in which we operate. Therefore, any developments in the global chemical industry, including in particular the agrochemicals industries, the polyemer, polymer additives and dyes industries, or the industries in which our customers operate could have an impact on our sales from exports. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate or seek to sell our products. There can be no assurance that the European Community and the United States, among others, where we seek to sell our products will not impose trade restrictions on us in future. We may also be prohibited from exporting to certain restricted countries that may be added to a sanctions list maintained by the Government of India or other foreign governments, such as the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the US Department of Treasury in the United States. Any such imposition of trade barriers may have an adverse effect on our results of operations and financial condition.

63. Political instability or changes in the economic policies by the GoI could impact our financial results and prospects.

We are incorporated in India and derive substantial majority of our revenues from operations in India. Consequently, our performance and the market price of our Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise significant influence over many aspects of the Indian economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the GoI's policies, including taxation.

Since 1991, successive Indian governments have pursued policies of economic liberalisation, including

significantly relaxing restrictions on the private sector. However, there can be no assurance that such policies will be continued and any significant change in the GoI's policies in the future could affect our business and economic conditions in India in general. As economic liberalisation policies have been a major force in encouraging private funding in the Indian economy, any change in these policies could have a significant impact on business and economic conditions in India, which could adversely affect our business and our future financial condition and the price of our Equity Shares. In addition, any geopolitical stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could affect the price of our Equity Shares.

64. Any downgrading of India's debt rating by an international rating agency could have an adverse impact on our business.

Any adverse revision to the rating of India's domestic or international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. This could have an adverse effect on our business and future financial performance, its ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

65. Economic developments and volatility in securities markets in other countries may cause the price of the Equity Shares to decline.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investor's reactions to developments in one country may have adverse effects on the market price of securities of companies situated in other countries, including India. For instance, the recent financial crisis in the United States and European countries led to a global financial and economic crisis that adversely affected the market prices in the securities markets around the world, including Indian securities markets. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

66. The extent and reliability of Indian infrastructure, to the extent insufficient, could adversely impact our cash flow, results of operations and financial condition.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have adverse effect on our cash flow, results of operations and financial condition.

67. Significant increases in the price of or shortages in the supply of crude oil could adversely affect the Indian economy in general, which could have an adverse effect on our business and results of operations.

India relies significantly on imports to meet its requirements of crude oil. Crude oil prices are volatile and are subject to several factors, including the level of global production and political factors, such as war and other conflicts, particularly in the Middle East, where a substantial proportion of the world's oil reserves are located. Any significant increase in the price of or shortages in the supply of crude oil could adversely affect the Indian economy in general and consequently an adverse effect on our business, cash flows and results of operations.

68. Our Equity Shares are quoted in Indian rupees in India and investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.

Investors are subject to currency fluctuation risk and convertibility risk since our Equity Shares are quoted in Indian rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares will also be paid in Indian Rupees. In addition, foreign investors that seek to sell Equity Shares will have to obtain

approval from the RBI, unless the sale is made on a stock exchange or in connection with an offer made under regulations regarding takeovers. The volatility of the Indian rupee against the US dollar and other currencies may subject investors who convert funds into Indian rupees to purchase our Equity Shares to currency fluctuation risks.

69. Our businesses and activities may be regulated under competition laws in India, and any adverse application or interpretation of such laws could adversely affect our business, financial condition, results of operations and prospects.

The Competition Act, 2002 (the "**Competition Act**") regulates practices that could have an appreciable adverse effect on competition in the relevant market in India. Any adverse application or interpretation of the Competition Act could adversely affect our business, financial condition, results of operations and prospects. Under the Competition Act, any arrangement, understanding or action in concert, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial monetary penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors, which, directly or indirectly, determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition.

Further, the Competition Act prohibits abuse of a dominant position by any enterprise, directly or indirectly, including by way of unfair or discriminatory pricing or conditions in sale of goods or services, limiting production of goods, provision of services, or technical or scientific developments relating to goods or services to the prejudice of consumers, using a dominant position in one relevant market to enter into, or protect, another relevant market, denial of market access, or making the conclusion of contracts subject to acceptance of unrelated supplementary obligations. Such practices are subject to substantial monetary penalties and may also be subject to compensation for losses and orders to divide the enterprise.

If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, proceedings initiated by the CCI, any claim by any party under the Competition Act, or any adverse publicity due to scrutiny or prosecution under the Competition Act, including financial penalties, our business, financial condition, results of operations and prospects may be adversely affected.

Acquisitions, mergers and amalgamations that exceed certain revenue and asset thresholds require prior approval by the CCI. Any acquisitions, mergers or amalgamations that have an appreciable adverse effect on competition in India may be subject to remedial measures proposed by the CCI. We cannot assure you that we will be able to obtain approval for any such future transactions on satisfactory terms, or at all.

70. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to long-term capital gains tax in India if Securities Transaction Tax ("**STT**") is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares, except in the case of such acquisitions where STT could not have been paid, as notified by the GoI under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, Finance Act, 2018, taxes such long term capital gains exceeding ₹ 1,00,000 arising from sale of Equity Shares on or after April 1, 2018. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially

exempt or exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

71. There may be difficulty in enforcing a judgment obtained outside India against our Company.

Our Company is a limited liability company incorporated under the laws of India. Our Board of Directors comprises of 16 (sixteen) Directors, all of whom are Indian citizens. All of our Key Managerial Personnel are residents of India and majority of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments obtained in courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Code of Civil Procedure, 1908 (the "**Civil Code**").

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except:

(a) where it has not been pronounced by a court of competent jurisdiction;
(b) where it has not been given on the merits of the case;
(c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable;
(d) where the proceedings in which the judgment was obtained were opposed to natural justice;
(e) where it has been obtained by fraud; or
(f) where it sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by the relevant court in India. Under the Civil Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of section 44A of the Civil Code but the United States has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit based upon the foreign judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws. Any judgment for payment of amounts denominated in a foreign currency would be converted into Rupees on the date of the judgment and not on the date of the payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed off in a timely manner or be subject to considerable delays.

For details in relation to enforceability of judgments obtained outside India, see "*Enforcement of Civil Liabilities*" on page 18.

72. The price of the Equity Shares may be volatile.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our equity shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our equity shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our equity shares.

73. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of their ownership position.

Pursuant to the Companies Act, 2013 a company incorporated in India must offer its holders of equity shares pre- emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution when the votes cast in favour of the resolution by the holders who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. However, if the law of the jurisdiction the Investor is in does not permit them to exercise their pre-emptive rights without us filing a placement document or registration statement with the applicable authority in the jurisdiction they are in, they will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to make such a filing, you may not be able to exercise your pre-emptive rights in relation to such an offering. To the extent that Investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

74. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on BSE and NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

75. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell or the price at which it can sell, Equity Shares at a particular point in time.

The Equity Shares are subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond a certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the stock exchanges based on historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity

Shares.

76. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

MARKET PRICE INFORMATION

As at the date of this Placement Document, 8,13,00,000 Equity Shares have been issued and are fully paid up and outstanding. The Equity Shares have been listed and traded on the BSE and the NSE.

On March 15, 2019, the closing price of the Equity Shares on the BSE and the NSE was ₹ 1,417.10 and ₹ 1,424.55 per Equity Share, respectively. Since the Equity Shares are actively traded on the Stock Exchanges, the market price and other information for each of the BSE and the NSE has been given separately.

(1) The following tables set forth the reported high, low, average market prices, no. of Equity Shares traded and trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for Fiscal Years 2018, 2017 and 2016:

NSE											
Fiscal Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ crores)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ crores)**	**Average price for the year (In ₹)***	**Total volume of Equity Shares traded in the year**	
										In number	**(In ₹ crores)**
2018	1,209.45	March 14, 2018	60,987	7.32	768.1	April 3, 2017	16,40,28	12.95	955.58	1,40,83,021	1,374.93
2017	817.6	February 7, 2017	37,988	2.99	481.05	June 24, 2016	21,369	1.05	639.60	12,348,939	805.81
2016	587	October 7, 2015	2,16,199	12.30	293.55	April 28, 2015	58,459	1.81	432.91	17,382,235	744.69

Source: www.nseindia.com

**In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*

BSE											
Fiscal Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ crores)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ crores)**	**Average price for the year (In ₹)***	**Total volume of Equity Shares traded in the year**	
										In number	**(In ₹ crores)**
2018	1212	March 14, 2018	5,850	0.70	770	April 3, 2017	6,328	0.50	955.27	51,71,732	541.15
2017	809	March 28, 2017	5,59,978	43.38	480.1	June 6, 2016	2,317	0.12	639.40	30,38,380	214.54
2016	584.8	October 7, 2015	40,920	2.33	294	April 28, 2015	34,408	1.07	432.68	39,56,243	165.7

Source: www.bseindia.com

**In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*

(2) The following tables set forth the reported high, low, average market prices, no. of Equity Shares traded and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total volume of Equity Shares traded during each of the last six months:

NSE											
Month Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ crores)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ crores)**	**Average price for the month (In ₹)***	**Total volume of Equity Shares traded**	
										In number	**(In ₹ crores)**
February, 2019	1,807.85	February 5, 2019	1,60,406	27.44	1,300.00	February 20, 2019	4,20,513	55.51	1,476.94	32,27,032	468.13
January, 2019	1,659.50	January 31, 2019	92,067	15.08	1,422.00	January 3, 2019	20,952	3.00	1,530.82	15,08,824	232.99
December, 2018	1,475.00	December 6, 2018	42,938	6.24	1,350.55	December 11, 2018	26,494	3.69	1,439.17	10,47,000	150.89
November, 2018	1,519.95	November 21, 2018	61,203	9.22	1,312.70	November 1, 2018	30,079	3.98	1,428.09	12,73,258	183.54
October, 2018	1,325.00	October 12, 2018	22,066	2.86	1,104.85	October 1, 2018	31,467	3.57	1,248.05	8,09,147	100.77
September, 2018	1,384.95	September 3, 2018	15,649	2.14	1,100.00	September 28, 2018	66,759	7.96	1,291.99	4,11,025	52.18

Source: www.nseindia.com

**In the case of a month, average represents the average of the closing prices of all trading days of each month presented.*

BSE											
Month Year	**High (₹)**	**Date of High**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on the date of high (In ₹ crores)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on the date of low (In ₹ crores)**	**Average price for the month (In ₹)***	**Total volume of Equity Shares traded**	
										In number	**(In ₹ crores)**
February, 2019	1,791.50	February 5, 2019	7,417	1.27	1,301.55	February 20, 2019	10,758	1.42	1,477.08	1,67,386	24.41
January, 2019	1,657.90	January 31, 2019	5,527	0.91	1,421.50	January 3, 2019	1,783	0.25	1,529.50	2,08,915	31.64
December, 2018	1,480.00	December 12, 2018	4,613	0.67	1,353.65	December 11, 2018	2,232	0.31	1,439.60	72,934	10.53
November, 2018	1519.00	November 21, 2018	6,165	0.93	1,298.45	November 1, 2018	5,064	0.67	1,426.67	2,46,445	35.01
October, 2018	1322.40	October 12, 2018	2,534	0.33	1,106.10	October 1, 2018	2,626	0.30	1,248.30	46,789	5.83
September, 2018	1375.00	September 3, 2018	1,353	0.18	1,170.00	September 28, 2018	6,069	0.72	1,291.96	1,72,315	22.69

Source: www.bseindia.com

**In the case of a month, average represents the average of the closing prices of all trading days of each month presented.*

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*

(3) The following table sets forth the market price on the Stock Exchanges on November 2, 2018 the first working day following the approval of the Board of Directors for the Issue:

NSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹ crores)**
1,365.00	1,421.00	1,362.00	1,383.05	1,14,729	15.89

BSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹ crores)**
1,376.50	1,410.00	1,356.00	1,383.75	11,175	1.54

Source: www.bseindia.com and www.nseindia.com

USE OF PROCEEDS

The gross proceeds from this Issue are aggregating up to ₹ 750.00 crores.

The net proceeds from this Issue, after deducting fees, commissions and expenses of this Issue, will be approximately up to ₹ 737.00 crores (the "**Net Proceeds**"). Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds towards: a) capital expenditure for the Expansion Plan (as defined hereinafter); b) cost towards acquisition of long term lease rights in relation to two properties situated at Vilayat Industrial Estate of GIDC, District Bharuch, Gujarat for industrial purposes; c) growth opportunities including funding working capital requirements; and d) general corporate purposes.

Our Board has in its meeting held on August 11, 2017 and February 3, 2018 resolved to take up an expansion plan primarily consisting of the establishment of two manufacturing units at Dahej SEZ, Bharuch District, Gujarat ("**Expansion Plan**"). We are proposing to set up two projects in Dahej SEZ for manufacturing of synthetic organic products.

The proposed Expansion Plan includes cost for, *inter alia*, land, building, plant and machinery and environment protection in respect of the Expansion Plan. The break-up of the total capital expenditure towards the Expansion Plan aggregating to ₹ 670.80 crores is set forth below:

(In ₹ crores)

Sr. No.	Particulars	Estimated cost as per the Expansion Plan		Aggregate estimated cost
		Unit II	Unit III	
1.	Land	10.00	10.00	20.00
2.	Building	25.00	30.00	55.00
3.	Plant and machinery	330.00	195.00	525.00
4.	Environment protection			
	a. Effluent treatment plant	20.00	25.00	45.00
	b. Safety equipment (personal protective equipment, fire extinguishers, ventilation, etc.)	15.00	10.00	25.00
	c. Green belt development	0.40	0.40	0.80
Total		**400.40**	**270.40**	**670.80**

Source: Report titled "Pre-Feasibility Report on Proposed Project of Manufacturing of Organic Chemicals of Aarti Industries Limited (Unit II)" and "Pre-Feasibility Report on Proposed Project of Manufacturing of Organic Chemicals of Aarti Industries Limited (Unit III)", prepared by M-Tech Services LLP

The Expansion Plan indicated hereinabove is based on the Project Reports, management estimates, current circumstances of our business and the prevailing market conditions, which may undergo change.

The estimated project cost of the Expansion Plan is ₹ 670.80 crores. The cost for the Expansion Plan shall be met through (i) a portion of the Net Proceeds, and (ii) internal accruals. We intend to utilize the Net Proceeds towards the Expansion Plan within an 18 month period from the month of receipt of Net Proceeds from the Issue.

Our Company has entered into two binding memorandums of understanding with a transferor each dated February 4, 2019, for the acquisition of long term lease rights in relation to two properties situated in Vilayat Industrial Estate of GIDC, District Bharuch, Gujarat ("**Acquisition of Lease Rights**") for industrial purposes, subject to fulfilment of certain conditions precedent including payment of transfer charges to GIDC and obtaining an approval from GIDC for the Acquisition of Lease Rights for industrial purposes. The estimated cost for the Acquisition of Lease Rights is ₹ 160.23 crores, which shall be met through (i) a portion of the Net Proceeds, and (ii) internal accruals. We intend to utilize the Net Proceeds towards the Acquisition of Lease Rights within a 12 month period from the month of receipt of Net Proceeds from the Issue.

Our Company proposes to deploy part of the Net Proceeds towards meeting our growth opportunities including working capital requirements during Fiscal 2020 and general corporate purposes, which may be including but not limited to,

meeting investment in any future potential opportunity in our business, strategic initiatives, meeting fund requirements which our Company may face in the ordinary course of business, meeting expenses incurred in the ordinary course of business, meeting ongoing general corporate exigencies, and any other purpose in accordance with applicable law.

If the Net Proceeds are not completely utilised for the purposes stated hereinabove by such periods due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in procuring and operationalizing assets; (iv) receiving the necessary approvals; and (v) other commercial considerations, the same would be utilised (in part or full) in the subsequent periods as may be decided by our Board, in accordance with applicable law.

As permissible under applicable laws, our management will have flexibility in deploying the Net Proceeds received by our Company from the Issue. Our Company may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/ exchange rate fluctuations and other external factors, which may not be within the control of our Company. This may entail revising the schedule of the proposed utilization of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our Board. Further, if the actual utilization of Net Proceeds towards any of the aforesaid purposes is lower than the proposed deployment, then such balance will be utilised towards general corporate purposes. See "*Risk Factors – The objects of the Issue for which funds are being raised, are based on data from third party sources and our management estimates and the same have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in the chapter titled "Use of Proceeds"* on page 48.

Our main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enables us to undertake the objects contemplated by us in this Issue.

Our Company shall not utilise monies raised through the Issue until the Allotment is made and the return of Allotment is filed with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later.

Interim use of funds

In accordance with the policies instituted by our Board and as may be permissible under applicable laws and government policies, our management will have the flexibility in deploying the Issue proceeds. Pending utilisation for the purposes mentioned above, we intend to temporarily invest funds in creditworthy instruments, including money market, mutual funds and deposits with banks. Such investments would be approved by the Board from time to time and will also be in accordance with all applicable laws and regulations.

Other confirmations

Neither our Promoters nor our Directors are making any contribution either as part of this Issue or separately in furtherance of the objects of this Issue.

Further, neither our Promoters nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to QIBs, our Promoters, Directors or Key Managerial Personnel are not eligible to subscribe in the Issue.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation and total debt as at March 31, 2018 based on our Audited Consolidated Financial Statements and our Company's capitalization as adjusted to reflect the receipt of the gross proceeds of this Issue and the application thereof.

This capitalisation table should be read together with "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" on pages 45, 83 and 227, respectively and the related notes included elsewhere in this Placement Document.

(*In ₹ crores except for debt to equity ratio*)

	As of March 31, 2018 (Consolidated Audited)	
	Unadjusted	**As adjusted for this Issue***
Indebtedness		
Short Term		
- Secured Borrowings	871.28	871.28
- Unsecured Borrowing	141.20	141.20
Long Term		
- Secured Borrowings	908.27	908.27
- Unsecured Borrowing	-	-
Current maturity of long term borrowings		
- Secured Borrowings	162.27	162.27
- Unsecured Borrowing	-	
Total Indebtedness (A)	2,083.02	2,083.02
Shareholders' Funds		
- Share capital	40.65	43.33
- Reserves and surplus	1,537.78	2,285.10*
- Non-Controlling Interest	77.02	77.02
Total Shareholders' Funds (B)	**1,655.45**	2,405.45
Total Capitalization (A) + (B)	**3,738.47**	4,488.47
Debt Equity Ratio (A/B)	1.26	0.87

**Only addition on account of securities premium amount received on the issue of Equity Shares in QIP. The gross proceeds of the Issue have been considered to arrive at the post Issue value of share capital and reserves and surplus.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Placement Document is set forth below:

(*In ₹ crores except share data)*

	Aggregate value at face value
A. AUTHORISED SHARE CAPITAL	
23,01,50,320 Equity Shares	115.08
Total	**115.08**
B. ISSUED, SUBSCRIBED AND PAID UP CAPITAL BEFORE THE ISSUE	
8,13,00,000 Equity Shares	40.65
Total	**40.65**
C. PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT[(1)]	
Up to 53,68,647 Equity Shares	2.68
D. ISSUED, SUBSCRIBED AND PAID UP CAPITAL AFTER THIS ISSUE	
8,66,68,647 Equity Shares	43.33
E. SECURITIES PREMIUM ACCOUNT	
Before this Issue	Nil
After this Issue[(2)]	747.32

Note:

1. *This Issue has been authorised by the Board of Directors on November 1, 2018 and by the shareholders of our Company pursuant to a resolution passed by the shareholders on January 14, 2019.*
2. *Calculated on the basis of gross proceeds from the Issue and adjustments do not include Issue expenses*.

Equity Share Capital History of our Company

The history of the equity share capital of our Company is provided in the following table:

Date of Allotment	Number of Equity Shares allotted	Face Value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature of Consideration (cash, bonus, other than cash)	Nature of Allotment
September 28, 1984	2	100	100	Cash	Initial subscription to the Memorandum of Association
September 30, 1985[(1)]	2,940	100	100	Cash	Further issue of equity shares
January 22, 1987[(1)]	6,758	100	100	Cash	Further issue of equity shares
September 29, 1989[(1)]	Sub-division of Equity Shares from ₹ 100 to ₹ 10				
September 30, 1989	2,18,220	10	10	Cash	Further issue of equity shares
January 24, 1990	5,45,380	10	10	Cash	Further issue of equity shares
June 30, 1990	92,800	10	10	Cash	Further issue of equity shares
September 28, 1990	4,96,600	10	10	Cash	Further issue of equity shares
April 09, 1991	14,50,000	10	-	-	Issue of bonus shares
April 13, 1992	10,00,500	10	46	Cash	Allotment through public issue
November 24, 1994[(1)]	15,00,000	10	10	Other than Cash	Allotment pursuant to merger with Salvigor Laboratories Limited
November 24, 1994	54,00,500	10	-	-	Issue of bonus shares
September 17, 1998[(1)]	8,33,333	10	10	Other than Cash	Issue of shares on merger with Mahaval Organics Limited
November 19, 1999	(11,954)	10	-	Cash	Buyback of equity shares
March 15, 2002[(1)]	5,12,525	10	10	Other than Cash	Issue of Equity Shares on merger with Alchemie Organics Limited
February 16, 2005	2,42,69,808	10	-	-	Issue of bonus shares
January 20, 2006	Sub-division of Equity Shares from ₹ 10 to ₹ 5				
September 18, 2009[(1)]	8,85,649	5	5	Other than Cash	Issue of shares on merger with Avinash Drugs Limited and Surfactant Specialities Limited
December 20, 2009	30,25,000	5	5	Cash	Conversion of warrants into Equity Shares

Date of Allotment	Number of Equity Shares allotted	Face Value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature of Consideration (cash, bonus, other than cash)	Nature of Allotment
March 27, 2012	24,00,000	5	5	Cash	Conversion of warrants into Equity Shares
May 07, 2013	94,71,614	5	5	Other than Cash	Issue of Equity Shares on de-merger with Anushakti Chemicals and Drugs Limited
September 18, 2015	(2,19,97,705)	5	5	-	Reduction of capital
September 24, 2015	167,26,401	5	5	Other than Cash	Issue of Equity Shares on merger of Gogri & Sons Investments Private Limited, Alchemie Leasing and Financing Private Limited, Anushakti Holdings Limited and Anushakti Chemicals and Drugs Limited with the Company
December 16, 2016	(12,00,000)	5	-	Cash	Extinguishment of Equity Shares pursuant to buyback. The buyback was made at a price of ₹ 800 per Equity Share.
March 15, 2018	(8,20,383)	5	-	Cash	Extinguishment of Equity Shares pursuant to buyback. The buyback was made at a price of ₹ 1200 per Equity Share
Total[(1)]	**8,13,00,000**				

Note:

1. *Our Company is unable to trace certain corporate records and filings, including from the RoC records, in relation to the respective corporate action undertaken by the Company. Our Company has relied on the information available in the minutes of the board or shareholders meeting (as applicable) for the respective corporate action and on the certificate issued by Jinang Shah and Associates, Practicing Company Secretary vide its certificate dated March 1, 2019, for disclosing the details of the changes in the issued, subscribed and paid up equity share capital of the Company. Also, see "Risk Factors - Some of our corporate records, statutory filings and records pertaining to educational qualifications of our senior management are lost or are not traceable in relation to certain disclosures made in this Placement Document" on page 52.*
2. *A scheme of arrangement, involving our Company, Arti Surfactants Limited and Nascent Chemical Industries Limited ("**Nascent**") and their respective shareholders has been approved by our Board of Directors in their meeting dated June 28, 2018 ("**Scheme**") and has been filed with the Stock Exchanges, SEBI and NCLT. In accordance with the Scheme, the following are proposed: (a) the demerger of our HPC Segment into Arti Surfactants Limited; and (b) demerger of the chemical manufacturing undertaking of Nascent into our Company. Accordingly, in consideration for the demerger of the chemical manufacturing undertaking of Nascent into our Company, 4,48,591 Equity Shares shall be issued by our Company to the shareholders of Nascent in the ratio of 151 Equity Shares of the Company for every 100 equity shares of face value of ₹ 10 each of Nascent. For further details, please see "Our Business -Demerger of our HPC Segment" on page 151.*

Our Company has not issued any Equity Shares in the last one year preceding the date of filing of this Placement Document.

Our Company does not have any employee stock options plan.

Proposed Allottees

The names of the proposed allottees and the percentage of post Issue capital that may be held by them in the Company is set forth below:

Sr. No	Investor No.	Name of the proposed allottee	Number of Equity Shares proposed to be allotted	Percentage of the post-Issue capital (%)
1.	1	Smallcapworld Fund, Inc	643,800	0.74%
2.	2A	Sundaram Mutual Fund A/C Sundaram Mid Cap Fund	458,000	0.53%
3.	2B	Sundaram Mutual Fund A/C Sundaram Select Focus	43,512	0.05%
4.	3	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	501,074	0.58%
5.	4	HDFC Trustee Company Ltd - A/C HDFC Mid - Cap Opportunities Fund	393,700	8.10%

Sr. No	Investor No.	Name of the proposed allottee	Number of Equity Shares proposed to be allotted	Percentage of the post-Issue capital (%)
6.	5	DSP Equity Opportunities Fund	392,107	2.35%
7.	6A	Axis Capital Builder Fund - Series 1 1540 Days	35,301	0.04%
8.	6B	Axis Emerging Opportunities Fund - Series 1 (1400 Days)	35,301	0.04%
9.	6C	Axis Emerging Opportunities Fund - Series 2 (1400 Days)	70,601	0.08%
10.	6D	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Capital Builder Fund - Series 4 (1582 Days)	70,601	0.08%
11.	6E	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Children's Gift Fund	26,476	0.03%
12.	6F	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Equity Saver Fund	30,888	0.04%
13.	6G	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Small Cap Fund	35,301	0.04%
14.	6H	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Triple Advantage Fund	17,650	0.02%
15.	7	Morgan Stanley Investment Funds Emerging Leaders Equity Fund	297,546	0.34%
16.	8	Tata Aia Life Insurance Co Ltd - Whole Life Mid Cap Equity Fund Ulif 009 04/01/07 Whe 110	286,328	0.33%
17.	9	Societe Generale	200,429	0.23%
18.	10	Abakkus Growth Fund - 1	143,164	0.17%
19.	11A	Max Life Insurance Co Ltd A/C Participating Fund	88,966	0.10%
20.	11B	Max Life Insurance Co Ltd A/C Ulif00225/00/04lifebalanc104 - Balanced Fund	30,252	0.03%
21.	11C	Max Life Insurance Co Ltd A/C Ulif01311/02/08lifehighgr104 - High Growth Fund	10,476	0.01%
22.	11D	Max Life Insurance Co Ltd Pension Maximiser Fund (Ulif01715/02/13pensmaxmi104)	10,476	0.01%
23.	11E	Max Life Insurance Co Ltd Pension Preserver Fund (Ulif01815/02/13penspreser104)	2,994	0.00%
24.	12	Lgiasuper	126,493	0.15%
25.	13	HSBC Global Investment Funds-Asia Ex Japan Equity Smaller Companies	121,689	0.14%
26.	14	Emerging Markets Leaders Trust	120,193	0.14%
27.	15	Government Pension Fund Global	100,215	0.12%
28.	16	BNP Paribas Arbitrage	100,214	0.12%
29.	17	Australia Post Superannuation Scheme	85,071	0.10%
30.	18	The Master Trust Bank Of Japan, Ltd.As Trustee For Pension Fund Association Mtbj400039115	81,735	0.09%
31.	19	SBI Life Insurance Company Limited	71,582	0.08%
32.	20	Canara Robeco Mutual Fund A/C Canara Robeco Equity Tax Saver Fund	64,424	0.07%
33.	21	Morgan Stanley Institutional Fund Inc-Emerging Markets Leaders Portfolio	57,834	0.07%
34.	22A	Baroda Midcap Fund	10,107	0.01%
35.	22B	Baroda Multi Cap Fund	40,000	0.05%
36.	23	DB International (Asia) Ltd	50,107	0.06%
37.	24	Integrated Core Strategies Asia Pte Ltd	50,107	0.06%
38.	25	Morgan Stanley Asia Singapore Pte	50,107	0.06%
39.	26	IIFL Fund - IIFL India Equity Opportunities Fund	38,790	0.04%
40.	27A	DHFL Pramerica Trustees Private Limited A/C- DHFL Pramerica Large Cap Fund	21,872	0.03%
41.	27B	DHFL Pramerica Trustees Private Limited A/C- DHFL Pramerica Long Term Equity Fund	12,619	0.01%
42.	27C	DHFL Pramerica Trustees Private Limited A/C- DHFL Pramerica Tax Plan	1,300	0.00%
43.	28	DSP India Fund	35,791	0.04%
44.	29A	Edelweiss Tokio Life Insurance Co Ltd Equity Top 250 Fund	14,711	0.02%
45.	29B	Edelweiss Tokio Life Insurance Company Limited Equity Midcap Fund Sfinulif001107/10/16etlimidcap147	9,663	0.01%
46.	29C	Edelweiss Tokio Life Insurance Company Limited Life Par Fund	3,402	0.00%
47.	29D	Edelweiss Tokio Life Insurance Company Limited Pension Par Fund	604	0.00%

Sr. No	Investor No.	Name of the proposed allottee	Number of Equity Shares proposed to be allotted	Percentage of the post-Issue capital (%)
48.	29E	Edelweiss Tokio Life Insurance Company Limited Shareholders Fund Beyond Solvency Margin	7,411	0.01%
49.	30	Edelweiss Trusteeship Co Ltd Ac- Edelweiss Mf Ac - Edelweiss Balance Advantage Fund	35,791	0.04%
50.	31	Sundaram India Midcap Fund	35,791	0.04%
51.	32	IIFL High Growth Companies Fund	33,166	0.04%
52.	33	DSP India Enhanced Equity Satcore Fund - Non Long Term	29,679	0.03%
53.	34	DSP India Enhanced Equity Fund	29,181	0.03%
54.	35	IIFL Long Term Growth Fund 1	22,956	0.03%
55.	36	Bharti Axa Life Insurance Company Ltd	21,475	0.02%
56.	37	Emerging Markets Leaders Fund I	18,530	0.02%
57.	38	IIFL Focused Equity Fund	14,691	0.02%
58.	39	IIFL Focused Equity Strategies Fund	14,572	0.02%
59.	40	Auroville Investment Management Master Fund	7,158	0.01%
60.	41	IIFL Blended Fund - Series A	4,673	0.01%

**The percentage of the post-Issue capital is only based on the number of Equity Shares proposed to be Allotted to the Allottees in the Issue, except where name of any proposed Allottee is appearing in the names of persons holding more than 1% of the total number of shares in the Company's shareholding pattern as on December 31, 2018, as filed by the Company with the Stock Exchanges.*

Pre-Issue and post-Issue shareholding pattern

The pre-Issue (as of December 31, 2018) and post-Issue shareholding pattern of the Company is set forth below:

Sr. No.	Category	Pre-Issue		Post-Issue^	
		No. of Equity Shares held	% of Shareholding	No. of Equity Shares held	% of Shareholding
A.	**Promoters' holding***				
1.	Indian				
a)	Individual/Hindu undivided family	3,56,63,631	43.87	3,56,63,631	41.15
b)	Trust	8,33,859	1.03	8,33,859	0.96
c)	Bodies corporate	62,45,736	7.68	62,45,736	7.21
	Sub-total	**4,27,43,226**	**52.58**	**4,27,43,226**	**49.32**
2.	Foreign promoters	1,30,737	0.16	1,30,737	0.15
	Sub-total (A)	**4,28,73,963**	**52.74**	**4,28,73,963**	**49.47**
B.	**Non - Promoters' holding**				
1.	Institutional Investors	1,52,81,371	18.80	2,06,50,018	23.83
2.	Non-Institutional Investors				
a)	Private Corporate Bodies	10,08,569	1.24	10,08,569	1.16
b)	Directors and relatives	11,29,449	1.39	11,29,449	1.30
c)	Indian public	1,94,95,550	23.98	1,94,95,550	22.49
d)	Others (including Non-resident Indians (NRIs))	15,11,098	1.86	15,11,098	1.74
	Sub-total (B)	**3,84,26,037**	**47.26**	**4,37,94,684**	**50.53**
	Grand Total	**8,13,00,000**	**100**	**8,66,68,647**	**100**

**Includes shareholding of the Promoter Group.*

^Assuming Allotment of the Equity Shares pursuant to the Issue

Other Confirmation

No change in control of the Company is expected as a consequence to the Issue. Also, see "*Risk Factors - Our Promoters have significant control over us and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder*" on page 56.

DIVIDENDS

Our Board adopted the Dividend Distribution Policy pursuant to its resolution dated August 10, 2016. In line with this policy, the declaration and payment of dividends (except interim dividend), if any, will be recommended by our Board of Directors and thereafter the same shall be approved by our shareholders at their discretion. The shareholders have the right to decrease but not to increase the dividend amount recommended by the board of directors.

The declaration and payment of equity dividend would be governed by the applicable provisions of the Companies Act, 2013 and Articles of Association of our Company.

The details of the dividends declared by our Company in respect of the Fiscal Years 2018, 2017 and 2016 are set out below.

Fiscal Year	Rate of dividend (%)	Dividend per Equity Shares* (in ₹)	Total amount of dividend** (in ₹ crores)	Dividend Distribution Tax (in ₹ crores)
2019 (Interim Dividend)	**80**	**4.00**	**32.52**	6.69
2018	**20**	**1.00**	**8.13**	1.16
2017	**20**	**1.00**	**8.21**	1.67
2016 (3rd Interim dividend)	70	3.50	29.16	4.64
2016 (2nd Interim dividend)	40	2.00	16.66	3.39
2016 (1st Interim dividend)	60	3.00	25.00	5.09
2016 (Total interim dividend)	**170**	**8.50**	**70.82**	13.12

**Face value of Equity Shares in the Fiscal Years 2018, 2017 and 2016 was ₹ 5 per Equity Share*
***Exclusive of tax on dividend distribution*

For a summary of certain Indian tax consequences of dividend distributions to shareholders, see "*Statement of Tax Benefits*" on page 207.

Further, the amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. The form, frequency and amount of future dividends will depend on our Company's cash flows, financial condition, working capital and other financing requirements, lender approvals, contractual obligations, applicable legal restrictions and other factors and shall be at the discretion of the Board and subject to the approval of our Company's shareholders.

RELATED PARTY TRANSACTIONS

For details of our related party transactions during the Fiscals 2018 and 2017, as per the requirements under Ind AS 24, see "*Financial Statements- The Audited Consolidated Financial Statements for the Fiscal Year 2018*" and *Financial Statements- The Audited Consolidated Financial Statements for the Fiscal Year 2017*" on page F-5 and F-34, respectively.

For details of our related party transactions during the Fiscal 2016, as per the requirements under Indian GAAP, see "*Financial Statements- The Audited Consolidated Financial Statements for the Fiscal Year 2016*" on page F-65.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Placement Document may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Placement Document. For further information, see "Forward-Looking Statements" and "Risk Factors" on pages 16 and 45, respectively.

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to Aarti Industries Limited on a standalone basis, while any reference to "we", "us" or "our" refers to Aarti Industries Limited on a consolidated basis.

Our Company's fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year.

The financial information included in this section for Fiscals 2018 and 2017 has been extracted from our Audited Consolidated Financial Statements for Fiscal 2018 and 2017, prepared under Ind AS. The financial information included in this section for Fiscal 2016 has been extracted from our Audited Consolidated Financial Statement for Fiscal 2017 (containing restated comparative financial information for Fiscal 2016, prepared under Ind AS). For further information see, "Presentation of Financial and Other Information" on page 13.

Overview

We are one of the leading specialty chemical manufacturing companies in India and globally primarily for benzene based derivatives (*Source:* CRISIL Report). Since our incorporation in 1984, we have diversified our product profile, client base and geographical footprint. Currently, our product portfolio comprises over 200 products that are manufactured at our 17 manufacturing plants and marketed to more than 400 global customers in over 60 countries and 700 domestic customers. A majority of our products are exported to the USA, several countries in Europe, China and Japan; and are used in end-user industries such as agrochemicals; pharmaceuticals; polymer additives; pigments and dyes; FMCG applications, beverages amongst other industries.

We conduct our business through three distinct segments, namely, specialty chemicals ("Specialty Chemicals Segment"); pharmaceuticals ("Pharmaceuticals Segment"); and home and personal care ("HPC Segment").

Specialty Chemicals Segment:

We have integrated operations across the product chain of benzene, sulphur and toluene. We are ranked amongst the top three players globally for the manufacture of nitro chloro benzenes ("NCB") and di chloro benzenes ("DCB") (*Source*: CRISIL Report). We are also the only manufacturer of nitro fluoro aromatics using the Halex process; and the only manufacturer of phlyene di amines ("PDA") value chain in India. Our Specialty Chemicals Segment manufactures a variety of chemicals, primarily along the benzene-based value chain. We also manufacture other chemicals such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; phthalates; and toluene based derivatives. The products in our Specialty Chemicals Segment have varied applications across the agrochemicals; pharmaceuticals; polymer additives; pigments; and dyes industries. We make use of processes such as chlorination, nitration; ammonolysis, hydrogenation and fluoro compounding in our manufacturing operations. We have integrated our operations across the product chain of benzene, sulphur and toluene. We believe that this gives us the ability to effectively use co-products and generate value-added products. A significant portion of our revenue from operations is derived from our Specialty Chemicals Segment. In Fiscals 2018, 2017 and 2016, consolidated revenues from our Specialty Chemicals Segment amounted to ₹ 2,985.49 crore, ₹ 2,569.29 crore and ₹ 2,430.36 crore, respectively, which constituted 78.44%, 81.22% and 80.83%, respectively, of our consolidated revenue from operations.

Pharmaceuticals Segment:

We have four active pharmaceutical ingredients ("APIs") manufacturing plants, two of which are approved by the United States Food and Drug Administration ("USFDA") and two of which are WHO / GMP certified. Additionally, we have two research and development facilities that are dedicated to our pharmaceutical API business. Our Pharmaceuticals Segment is divided into three verticals for the (a) manufacture of APIs; (b) manufacture of intermediaries; and (c) manufacture of xanthine derivatives. Currently, our Pharmaceuticals Segment manufactures

various commercial APIs with 30 US Drug Master Files ("USDMF"), 12 Drug Master Files ("DMF") (with seven under assessment) and 18 Certificates of Suitability ("CEP") (with two under assessment). During Fiscals 2018, 2017 and 2016, consolidated revenues from our Pharmaceuticals Segment amounted to ₹ 556.22 crore, ₹ 426.07 crore and ₹ 425.76 crore, respectively, which constituted 14.61%, 13.47% and 14.16%, respectively, of our consolidated revenue from operations.

HPC Segment:

Under our HPC Segment, we manufacture non-ionic surfactants which are used as concentrates in shampoo, hand-wash, dish-wash and oral care. In Fiscals 2018, 2017 and 2016, consolidated revenues from our HPC Segment amounted to ₹ 264.35 crore, ₹ 168.10 crore and ₹ 150.47 crore, respectively, which constituted 6.95%, 5.31% and 5.00%, respectively, of our consolidated revenue from operations. Our Board of Directors have approved a scheme of arrangement on June 28, 2018 for the demerger of our HPC Segment into a separate listed entity. For further details, please see "*—Demerger of our HPC Segment*" on page 151.

We own and operate 17 manufacturing plants, which are strategically located near ports in India. 11 of these manufacturing plants are dedicated to our specialty chemicals business, four manufacturing plants cater to our pharmaceutical business and two to our home and personal care business. Two of our pharmaceutical manufacturing plants are USFDA approved. Further, two of our manufacturing facilities are WHO certified and cGMP compliant, meeting ICH Q7 standards. This enables us to supply to customers that operate in regulated markets. As at December 31, 2018, 12 of our manufacturing plants are zero liquid discharge plants and we have setup five co-generation plants and five solar power plants at our manufacturing facilities/offices. Of our 17 manufacturing plants, four are located in Maharashtra, 11 in Gujarat, one in Madhya Pradesh and one in the union territory of Dadra and Nagar Haveli. Additionally, we are in the process of setting up two 100 per cent export oriented manufacturing plants at the Dahej SEZ in Gujarat in addition to one already operating manufacturing facility in the Dahej SEZ.

We are focused on research and development which is carried at our three dedicated research and development facilities, two of which are located at Vapi, and one at Dombivali ("R&D Facilities"). Two of our R&D Facilities are dedicated to our pharmaceutical API business and one R&D Facility is dedicated to our specialty chemicals business. As at December 31, 2018, we employed a team of over 170 engineers and scientists at our R&D Facilities. We have obtained a number of intellectual property rights to develop customized products, including 9 patents (with 21 under assessment) from authorities in India, USA, Europe, and China. Additionally, we are in the process of setting up a new research and development facility in Navi Mumbai, to cater to our specialty chemicals business.

We are driven by a qualified and dedicated management team, comprising of seasoned professionals with experience across the various sectors in which we operate, which is led by our Board of Directors. One of our Promoters, and our Chairman and Managing Director, namely, Mr. Rajendra Vallabhaji Gogri, has been associated with the Company since its incorporation in 1984; and, along with our other Promoters and Directors, has played a significant role in the development of our business. We believe that our management team's collective experience and capabilities enable us to understand and anticipate market trends, manage our business operations and growth, leverage customer relationships and respond to changes in customer preferences. Our workforce has grown significantly over the years; and as on December 31, 2018, we had 5,100 employees on our rolls.

For Fiscals 2018, 2017 and 2016, our consolidated revenue from operations was ₹ 3,806.06 crore, ₹ 3,163.46 crore and ₹ 3,006.59 crore, respectively and our consolidated profit for the years were ₹ 332.96 crore, 315.78 crore and ₹ 256.88 crore, respectively. Our consolidated EBITDA in Fiscals 2018, 2017 and 2016 was ₹ 699.12 crore, ₹ 653.50 crore and ₹ 572.27 crore, respectively.

In 2015, we have been awarded the "Outstanding Achievement – Innovation" award by CHEMTECH Foundation for ensuring sustainable growth through innovation. Chemexcil presented the Trishul Award 2014-15 in the Dyes and Dye Intermediaries Panel, Large Scale Sector; the Award of Excellency 2015-16 in the Dyes and Dye Intermediaries Panel, Large Scale Sector; and the Trishul Award 2016-17 in the Dyes and Dye Intermediaries Panel, LSM and Merchant Exporter Sector. Further, we received an award at SERB-IGCW 2017 in the 'MNC large and Medium Scale Category' for incorporating principles of green chemistry and engineering into manufacturing as well as for the initiatives taken towards pollution prevention. Additionally, in Fiscal 2015, we have been bestowed with the Gujarat Cleaner Production Award by the Forest and Environment Department, Government of Gujarat. Moreover, the Indian Institute of Chemical Engineers bestowed the Lala Shriram National Award for "Leadership in the Chemical Industry" to our chairman emeritus, Mr. Chandrakant Gogri in 2015.

Principal Factors Affecting our Results of Operations

Our financial performance and results of operations are influenced by a variety of factors, including global and domestic competition, conditions in the markets of our end-user products, general economic conditions and changes in cost of raw material. Some of the more important factors are discussed below, as well as in the section "*Risk Factors*" beginning on page 45.

Competition from multinational corporations

Our products used in end-user industries such as agrochemicals; pharmaceuticals; polymer additives; pigments and dyes; FMCG applications, beverages amongst other industries. We face competition from different domestic and global manufacturers for different products that we manufacture. We face competition from foreign companies, especially Chinese and German companies in the manufacture of specialty chemicals. Some foreign companies are able to produce chemicals at competitive costs and consequently, supply their products at cheaper prices. Such competitors may also have greater financial and technological resources and may also have larger sales and marketing teams. They might be in a better position to identify market trends, adapt to changes in industry, innovate new products, offer competitive prices due to economies of scale and ensure product quality and compliance. While we drive significant cost competencies and have been able to meet the competitive prices, we are unable to assure you that we shall be able to meet the pricing and other pressures imposed by such multinational competitors, which may impact demand of our products and consequently our results of operation.

Raw material price fluctuations

The costs of materials consumed make up a large portion of our operating expenses. During Fiscal 2018, 2017 and 2016, our cost of materials consumed amounted to ₹ 2,169.96 crore, ₹ 1,673.13 crore and ₹ 1,603.50 crore, respectively, and our cost of materials consumed as a percentage of total sales was 57.01%, 52.90% and 53.33%, respectively. We source raw materials primarily from third party suppliers. Prices of raw materials that we use, particularly in our Specialty Chemicals Segment, are closely linked to the crude oil prices. Crude prices globally have been volatile. While our revenues may fluctuate as a result of volatility in the price of our raw materials, the "pass-through" mechanism in our business model helps us pass on the variation in the key raw material prices to the customers. Accordingly, our profitability is significantly insulated from raw material price fluctuations. Our primary raw materials include derivatives of crude oil such as benzene, aniline and toluene, amongst others.

Exchange Rate Risk

We have currency exposures relating to buying, selling and financing in currencies other than in Indian Rupees. For Fiscals 2018, 2017 and 2016, 44.43%, 48.14% and 47.61%, respectively, of our sales were attributed to exports. For Fiscals 2018, 2017 and 2016, 22.41%, 19.19% and 18.53%, respectively, of our raw materials were imported. Exchange rate fluctuations also affect our ability to service our debt obligations denominated in foreign currencies. While we hedge a portion of the resulting net foreign exchange position, we are still affected by fluctuations in exchange rates among the U.S. Dollar, Indian Rupee and other currencies.

Dependence of demand from end–user industries

Our products have applications in industries such as agrochemicals, polymers, pharmaceuticals, dyes and pigments, beverages, fuel additives to home and personal care products. Consequently, our revenues are dependent on the end user industries that use our products as an input. The demand for our customers' end product is affected by a number of factors including, but not limited to (a) seasonality of demand for our customers' products, which may cause our manufacturing capacities to be under utilised during specific periods (b) our customers' failure to successfully market their products or to compete effectively, (c) loss of market share, which may lead our customers to reduce or discontinue the purchase of our products, (d) economic conditions of the markets in which our customers operate. In spite of our diversified product portfolio, our results of operations are dependent of demand from the end –user industries.

Government Regulations and Policies

We imports raw materials for our manufacturing operations and we export our products to 60 countries globally. Government regulations and policies, of India, and in countries in which we import from or export to, can affect the

price and availability of our raw materials as well as the demand for our products. These regulations and policies are extensive and cover a broad range of industries to whom we cater to, some of which are politically sensitive. These regulations and policies and the tax regimes to which we are subject could change at any time, with little or no warning or time for us to prepare.

Additionally, we conduct our manufacturing operations from our 17 manufacturing plants located in Gujarat, Maharashtra, Madhya Pradesh and the union territory of Dadra and Nagar Haveli. Our manufacturing plants are required to comply with stringent regulations, including environmental laws, labour laws, health and safety laws. These regulations are formulated, monitored and enforced by both state and central, governmental and quasi-governmental authorities. For further details see the section "Regulations and Policies".

Significant Accounting Policies

The Company has applied the following accounting policies in preparing its consolidated financial statements for Fiscal 2018:

a) ***Background:***

Sr. No.	Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest (%)
	Indian Subsidiary:		
i.	Aarti Corporate Services Limited	India	100.00%
ii.	Nascent Chemical Industries Limited (Through its holding Company: Aarti Corporate Services Limited)	India	50.49%
iii.	Shanti Intermediates Private Limited (Through its holding Company: Aarti Corporate Services Limited)	India	100.00%
iv.	Innovative Envirocare Jhagadia Limited	India	100.00%
v.	Ganesh Polychem Limited	India	50.24%
vi.	Aarti Polychem Private Limited	India	100.00%
	Foreign Subsidiary:		
vii.	Alchemie (Europe) Limited	United Kingdom	88.89%
viii.	Aarti USA Inc.	USA	100.00%

b) ***Basis of Preparation and Presentation:***

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

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

c) ***Principles of Consolidation:***

i. The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements & Indian Accounting Standard (Ind AS) 28 -Accounting for Investments in Associates in Consolidated Financial Statements.
ii. The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and Subsidiary Companies drawn up to the same reporting date i.e 31st March, 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 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:***

i. 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.

ii. 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 amortization 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.

iii. 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:

Sr. No.	Particulars	Depreciation/Amortization
1.	Leasehold Land	Over the remaining tenure of lease
2.	Building	Over a period of 19 years
3.	Residential Quarters	Over a period of 30 years

4.	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.
5.	Computers	Over a period of 2.5 years
6.	Office Equipment	Over a period of 5 years
7.	Furniture and Fixtures	Over a period of 10 years
8.	Vehicles	Over a period of 7 years

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

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

f) ***Research and Development:***

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

g) ***Investments:***

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

h) ***Valuation of Inventories:***

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

Inventories have been valued on the following basis:

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

i) ***Retirement Benefits:***

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

j) ***Foreign Currency Transactions:***

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

k) ***Operating Lease:***

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

l) ***Deferred Revenue Expenditure:***

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

m) ***Income Taxes:***

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

Changes in the accounting policy if any in the last three years and their effect on our profits and reserves

There are no changes in our accounting policies in the last three financial years.

Overview of Revenue and Expenditure

The following descriptions set forth information with respect to key components of our income statement.

Revenue

Revenue from operations

Revenue from operations comprises income from:

a) Sale of products, from our Specialty Chemicals Segment, comprising primarily of nitro chloro benzenes, di chloro benzenes, chloro anilines, and a range of phenylene diamines products; from our Pharmaceuticals Segment, comprising primarily APIs, intermediaries and xanthine derivatives; and from our HPC Segment.

b) Sale of services, comprising primarily job work and processing services, amongst others.

c) Other operating revenues, comprising fertilizer subsidy received, export benefits / incentives, scrap sales, other operating income and VAT refund received.

Other income

Other income primarily comprises dividend received from current investments and long term investments, profits from sale of assets and rental income, amongst others.

Expenditure

Our expenditure comprises the following:

Cost of materials consumed: Cost of materials consumed comprises (a) the cost of raw materials used in the manufacture of our products which consist of, amongst others, materials such as Benzene, Concentrated Nitric Acid, Aniline, Alpha Olifine, Sulphur, amongst others; (b) the cost of fuel consumed at our manufacturing and other facilities; (c) the cost of packing materials; and (d) the cost of stores and spares.

a) Purchase of stock in trade: Cost attributable to the purchase of finished goods for the purpose of resale.

b) Change in inventories of finished goods, work-in-progress and stock-in trade: Expenses accounted for pursuant to an (increase)/decrease in inventories of stock in process and finished goods.

c) Employee benefit expenses: Employee benefit expenses comprises salaries, wages and bonus, contribution to provident and other funds, gratuity and staff welfare expenses.

d) Finance costs: Finance costs comprises net interest expenses, bank charges and exchange difference to the extent considered as an adjustment to borrowing costs as per the appropriate accounting standards.

e) Depreciation and amortization expenses: Depreciation and amortization expenses comprises depreciation of tangible assets including our freehold land, plant and machinery, factory and other buildings, amongst others; and amortization of intangible assets including goodwill and computer software amongst others.

f) Other expenses: Other expenses comprise primarily of (a) manufacturing expenses, such as freight cartage and transport, power charges, other manufacturing expenses, factory administrative expenses and research and development expenses, amongst others; (b) office administrative expenses, such as legal and professional charges and other administrative expenses, amongst others; (c) selling and distribution expenses, such as freight and forwarding expenses and export freight charges, amongst others; and (d) non-operating expenses, such as expenditure on donations and corporate social responsibility projects, amongst others.

Business Segments

The following table sets out the segment revenue and results across our reportable segments, which are, (a) Specialty Chemicals Segment; (b) Pharmaceuticals Segment; and (c) HPC Segment:

(₹ in crores)

Sr. No.	Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
(A)	**Primary Segments: Business Segments**			
1.	**Segment Revenue:**			
a)	Speciality Chemicals	2,985.49	2,569.29	2,430.36
b)	Pharmaceuticals	556.22	426.07	425.76
c)	Home & Personal Care Chemicals	264.35	168.10	150.47
	TOTAL	**3,806.06**	**3,163.46**	**3,006.59**
2.	**Segment Results Profit/(Loss):**			
	Before Tax and Interest from each Segment			
a)	Speciality Chemicals	581.07	565.75	503.64
b)	Pharmaceuticals	79.20	48.13	38.80
c)	Home & Personal Care Chemicals	2.75	0.77	(0.24)
	Total (A)	**663.02**	**614.65**	**542.20**
	Less: Interest	131.65	117.33	116.97
	Other Unallocable Expenditure (Net)	102.36	81.72	62.50
	Total (B)	**234.01**	**199.05**	**179.47**

Sr. No.	Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
	Total Profit before Tax (A-B)	**429.01**	**415.60**	**362.73**
3.	**Segment Assets:**			
a)	Speciality Chemicals	3,012.31	2,516.74	2,121.92
b)	Pharmaceuticals	808.23	628.99	580.77
c)	Home & Personal Care Chemicals	229.10	152.52	110.26
d)	Unallocated Capital	227.82	200.79	128.72
	TOTAL	**4,277.46**	**3,499.04**	**2,941.67**
	Segment Liabilities:			
a)	Speciality Chemicals	441.62	397.66	342.47
b)	Pharmaceuticals	75.48	57.03	52.86
c)	Home & Personal Care Chemicals	56.75	26.88	21.41
d)	Unallocated Capital	177.41	155.44	127.18
	TOTAL	**751.26**	**637.01**	**543.92**
(B)	**Secondary Segments: Geographical Segments**			
a)	India	2,115.08	1,640.50	1,575.14
b)	Out of India	1,690.98	1,522.96	1,431.45
	Total	**3,806.06**	**3,163.46**	**3,006.59**

Results of Operations

The following table sets forth our income statement data, the components of which are expressed as a percentage of total revenue for the periods indicated, for our consolidated operations for the Fiscal Years ended March 31, 2018, 2017 and 2016.

Particulars	For the year ended March 31					
	2018		2017		2016	
	(₹ in crores)	% of Total Revenue	(₹ in crores)	% of Total Revenue	(₹ in crores)	% of Total Revenue
Revenue						
Revenue from operations	3,806.06	99.80%	3,163.46	99.94%	3,006.59	99.80%
Other income	7.77	0.20%	1.96	0.06%	5.94	0.20%
Total revenue	**3,813.83**	**100%**	**3,165.42**	**100%**	**3,012.53**	**100%**
Expenses						
Cost of materials consumed	2,169.96	56.90%	1,673.13	52.86%	1,603.50	53.23%
Purchase of stock in trade	117.46	3.08%	101.77	3.22%	114.99	3.82%
Changes in inventories of finished goods, work-in-progress and stock-in-trade.	(105.89)	(2.78%)	(31.62)	(1.00%)	49.30	1.64%
Employee benefits expense	190.14	4.99%	152.28	4.81%	120.70	4.01%
Finance costs	131.65	3.45%	117.34	3.71%	116.98	3.88%
Depreciation and amortization expenses	146.23	3.83%	122.52	3.87%	98.50	3.27%
Other expenses	735.27	19.28%	614.42	19.41%	545.83	18.12%
Total expenses	**3,384.82**	**88.75%**	**2,749.84**	**86.87%**	**2,649.80**	**87.96%**
Profit before tax	**429.01**	**11.25%**	**415.60**	**13.13%**	**362.73**	**12.04%**
Tax expenses:						
Current year tax	87.81	2.30%	84.62	2.67%	74.35	2.47%
Earlier year tax	(0.01)	(0.00%)	0.21	0.01%	21.28	0.71%
MAT credit entitlement	(26.91)	(0.71%)	(25.15)	(0.79%)	(19.75)	(0.66%)
Deferred tax	21.97	0.58.%	28.38	0.90%	18.75	0.62%
Total tax expenses	**82.88**	**2.17%**	**88.06**	**2.78%**	**94.63**	**3.14%**
Profit after tax before non-controlling interest and share of profit/(loss) of associates	**346.13**	**9.08%**	**327.54**	**10.35%**	**268.10**	**8.90%**
Profit attributable to non-controlling interest	(13.17)	(0.35%)	(11.76)	(0.37%)	(11.22)	(0.37%)
Share of profit/(loss) to associates	Nil	-	Nil	-	Nil	-

Particulars	For the year ended March 31					
	2018		2017		2016	
	(₹ in crores)	% of Total Revenue	(₹ in crores)	% of Total Revenue	(₹ in crores)	% of Total Revenue
Profit/ (loss) for the period	**332.96**	**8.73%**	**315.78**	**9.98%**	**256.88**	**8.53%**
Other comprehensive income						
Items that will not be reclassified into statement of profit and loss						
Fair value of investments	(2.94)	(0.08%)	5.72	0.18%	(10.78)	(0.36%)
Total comprehensive income for the year	**330.02**	**8.65%**	**321.50**	**10.16%**	**246.10**	**8.17%**

Results of consolidated operations for the Fiscal Year ended March 31, 2018 compared with the Fiscal Year ended March 31, 2017

(₹ in crore)

Particulars	For the year ended March 31		Change (%)
	2018	2017	
Revenue			
Revenue from operations	3,806.06	3,163.46	20.31%
Other income	7.77	1.96	296.43%
Total revenue	**3,813.83**	**3,165.42**	**20.48%**
Expenses			
Cost of materials consumed	2,169.96	1,673.13	29.69%
Purchase of stock in trade	117.46	101.77	15.42%
Changes in inventories of finished goods, work-in-progress and stock-in-trade.	(105.89)	(31.62)	234.88%
Employee benefits expense	190.14	152.28	24.86%
Finance costs	131.65	117.34	12.20%
Depreciation and amortization expenses	146.23	122.52	19.35%
Other expenses	735.27	614.42	19.67%
Total expenses	**3,384.82**	**2,749.84**	**23.09**
Profit before tax	**429.01**	**415.60**	**3.23%**
Tax expenses:			
Current year tax	87.81	84.62	3.77%
Earlier year tax	(0.01)	0.21	(104.76%)
MAT credit entitlement	(26.91)	(25.15)	7.00%
Deferred tax	21.97	28.38	(22.59%)
Total tax expenses	**82.88**	**88.06**	**(5.88%)**
Profit after tax before non-controlling interest and share of profit/(loss) of associates	**346.13**	**327.54**	**5.68%**
Profit attributable to non-controlling interest	(13.17)	(11.76)	11.99%
Share of profit/(loss) to associates	Nil	Nil	-
Profit/ (loss) for the period	**332.96**	**315.78**	**5.44%**
Other comprehensive income			
Items that will not be reclassified into statement of profit and loss			
Fair value of investments	(2.94)	5.72	(151.40%)
Total comprehensive income for the year	**330.02**	**321.50**	**2.65%**

Revenue from operations

Our revenue from operations increased by 20.31% from ₹ 3,163.46 crore in Fiscal 2017 to ₹ 3,806.06 crore in Fiscal 2018. This increase can be primarily attributed to an increase in sale of products, particularly in our Specialty Chemicals Segment and our Pharmaceuticals Segment; and an increase in prices of the products we manufacture as a result of the increase in prices of key raw materials. The increase can also be marginally attributed in increase in sale of products in our HPC Segment.

Other Income

Our other income in Fiscal 2018 increased significantly by 296.43% to ₹ 7.77 crore from ₹ 1.96 crore in the Fiscal 2017. This increase can be primarily attributed to the sale of shares of other companies which contributed ₹ 6.70 crore of our other income in Fiscal 2018.

Cost of Materials Consumed

Our cost of materials consumed in Fiscal 2018 increased by 29.69% to ₹ 2,169.96 crore from ₹ 1,673.13 crore in the Fiscal 2017, primarily on account of an increase in consumption of raw material for our manufacturing operations, which amounted to ₹ 1,889.09 crore in Fiscal 2018 as compared to ₹ 1,465.48 crore in Fiscal 2017. The increase in expenditure on raw materials during Fiscal 2018 can be attributed to both an increase in the volume of our business as well as the increase in the prices for our key raw materials.

Purchase of Stock-in-Trade

Our purchase of stock-in-trade in the Fiscal 2018 increased by 15.42% to ₹ 117.46 crore in Fiscal 2018 from ₹ 101.77 crore in the Fiscal 2017, primarily due to increased purchases of certain finished products for sale.

Change in inventories of finished goods, work-in-progress and stock-in-trade

Inventories of finished goods, work-in-progress and stock-in-trade decreased from ₹ (31.62) crore in Fiscal 2017 to ₹ (105.89) crore in Fiscal 2018.

Employee Benefits Expense

Our employee benefits expenses in the Fiscal 2018 increased by 24.86% to ₹ 190.14 crore from ₹ 152.28 crore in the Fiscal 2017 due to an increase in our workforce resulting in increased wages, an increase in contribution to provident fund and general annual increments given to the staff.

Finance Costs

Our finance costs in the Fiscal 2018 increased by 12.20% to ₹ 131.65 crore from ₹ 117.34 crore in the Fiscal 2017 due to an increase in our gross debt which was required in line with the growth of our manufacturing operations and our capital expenditure; and also on account of the general increase of interest rates. .

Depreciation and Amortization Expense

Our depreciation and amortization expense in the Fiscal 2018 increased by 19.35% to ₹ 146.23 crore from ₹ 122.52 crore in the Fiscal 2017 primarily due to capitalization of assets of ₹ 448.07 crores during Fiscal 2018.

Other expenses

Our other expenses in Fiscal 2018 increased by 19.67% to ₹ 735.27 crore from ₹ 614.42 crore in the Fiscal 2017, primarily on account of higher production volume and also on account of higher volumes which increased freight and forwarding expense and freight, cartage and transport costs.

Profit before tax

As a result of the foregoing, we recorded a marginal increase of 3.23% in our profit before tax, which amounted to ₹429.01 crore in Fiscal 2018 as compared to ₹ 415.60 crore in Fiscal 2017.

Tax expenses

Our tax expenses decreased from ₹ 88.06 crore in Fiscal 2017 to ₹ 82.88 crore in Fiscal 2018. The 5.88% decrease year-on-year was primarily on account of a decrease in deferred tax payable in Fiscal 2018 which was marginally set-off by an increase in current year tax payable.

Profit after tax before non-controlling interest and share of profit/(loss) of associates

Our loss attributable to non-controlling interest decreased from ₹ (11.76) crore in Fiscal 2017 to ₹ (13.17) crore in Fiscal 2018.

Profit for the period

As a result of the foregoing, we recorded a 5.44% increase in our profit for the year from ₹ 315.78 crore in Fiscal 2017 to ₹ 332.96 crore in Fiscal 2018.

Fair value of investments

The fair value of our investments decreased from ₹ 5.72 crore in Fiscal 2017 to ₹ (2.94) crore in Fiscal 2018.

Total comprehensive income for the year

As a result of the foregoing, our total comprehensive income for the year increased marginally by 2.65%, from ₹ 321.50 crore in Fiscal 2017 to ₹ 330.02 crore in Fiscal 2018.

Results of consolidated operations for the Fiscal Year ended March 31, 2017 compared with the Fiscal Year ended March 31, 2016 (as extracted from the comparative financial information included in the audited consolidated financial statement for Fiscal 2017).

(₹ in crore)

Particulars	**For the year ended March 31**		**Change (%)**
	2017	**2016**	
Revenue			
Revenue from operations	3,163.46	3,006.59	5.22%
Other income	1.96	5.94	(67.00%)
Total revenue	**3,165.42**	**3,012.53**	**5.08%**
Expenses			
Cost of materials consumed	1,673.13	1,603.50	4.34%
Purchase of stock in trade	101.77	114.99	(11.50%)
Changes in inventories of finished goods, work-in-progress and stock-in-trade.	(31.62)	49.30	(164.14%)
Employee benefits expense	152.28	120.70	26.16%
Finance costs	117.34	116.98	0.31%
Depreciation and amortization expenses	122.52	98.50	24.39%
Other expenses	614.42	545.83	12.57%
Total expenses	**2,749.84**	**2,649.80**	**3.78%**
Profit before tax	**415.60**	**362.73**	**14.58%**
Tax expenses:			
Current year tax	84.62	74.35	13.81%
Earlier year tax	0.21	21.28	(99.01%)
MAT credit entitlement	(25.15)	(19.75)	27.34%)
Deferred tax	28.38	18.75	51.36%
Total tax expenses	**88.06**	**94.63**	**(6.94%)**
Profit after tax before non-controlling interest and share of profit/(loss) of associates	**327.54**	**268.10**	**22.17%**
Profit attributable to non-controlling interest	(11.76)	(11.22)	4.81%
Share of profit/(loss) to associates	Nil	Nil	-
Profit/ (loss) for the period	**315.78**	**256.88**	**22.93%**
Other comprehensive income			
Items that will not be reclassified into statement of profit and loss			
Fair value of investments	5.72	(10.78)	(153.06%)
Total comprehensive income for the year	**321.50**	**246.10**	**30.64%**

Revenue from operations

Our revenue from operations increased by 5.22% from ₹ 3,006.59 crore in Fiscal 2016 to ₹ 3,163.46 crore in Fiscal 2017. This increase was primarily due to higher volume of products sold under our Specialty Chemical Segment.

Other Income

Our other income decreased by 67.00% to ₹ 1.96 crore in Fiscal 2017 from ₹ 5.94 crore in the Fiscal 2016. This decrease can be primarily attributed to miscellaneous income of ₹ 3.30 crores in Fiscal 2016 as compared to ₹ 0.90 crores for Fiscal 2017.

Cost of Materials Consumed

Our cost of materials consumed in Fiscal 2017 increased by 4.34% to ₹ 1,673.13 crore from ₹ 1,603.50 crore in the Fiscal 2016, primarily on account of higher volumes of raw materials consumed as a result of higher sales.

Purchase of Stock-in-Trade

Our purchase of stock-in-trade decreased by 11.50% to ₹ 101.77 crore in Fiscal 2017 from ₹ 114.99 crore in the Fiscal 2016, primarily due to decreased purchases of finished products for sale.

Change in inventories of finished goods, work-in-progress and stock-in-trade

Change in inventories of finished goods, work-in-progress and stock-in-trade declined from ₹ 49.30 crore in Fiscal 2016 to ₹ (31.62) crore in Fiscal 2017.

Employee Benefits Expense

Our employee benefits expenses in Fiscal 2017 increased by 26.16% to ₹ 152.28 crore from ₹ 120.70 crore in Fiscal 2016 due to an increase in our workforce resulting in increased wages, an increase in contribution to provident fund and general annual increments given to the staff.

Finance Costs

Our finance costs in Fiscal 2017 increased marginally by 0.31% to ₹ 117.34 crore from ₹ 116.98 crore in Fiscal 2016 in line with the increase in our gross debt. While our gross debt during Fiscal 2017 increased significantly, our finance costs only increased marginally because the increase in gross debt during Fiscal 2017 was primarily at lower interest rates than our existing debt; which resulted in a reduction to the average interest rates for our Company.

Depreciation and Amortization Expense

Our depreciation and amortization expense in the Fiscal 2017 increased by 24.39% to ₹ 122.52 crore from ₹ 98.50 crore in the Fiscal 2016 primarily due to capitalization of assets upon commissioning aggregating to ₹ 573.71 crores.

Other expenses

Our other expenses in Fiscal 2017 increased by 12.57% to ₹ 614.42 crore from ₹ 545.83 crore in the Fiscal 2016, primarily on account of increased expenditure on repairs and maintenance and also due to an increase in freight, cartage and transport, power and processing charges, amongst others.

Profit before tax

As a result of the foregoing, we recorded an increase of 14.58% in our profit before tax, which amounted to ₹ 415.60 crore in Fiscal 2017 as compared to ₹ 362.73 crore in Fiscal 2016.

Tax expenses

Our tax expenses decreased from ₹ 94.63 crore in Fiscal 2016 to ₹ 88.06 crore in Fiscal 2017. The 6.94% decrease

year-on-year was primarily on account of an earlier year tax amounting to ₹ 21.28 crore payable in Fiscal 2016 that decreased to ₹ 0.21 crore in Fiscal 2017 and also due to additional MAT credit that was available to our Company on account of certain permissible tax incentives in respect of our Company's operations, which was partially offset by increase in current year tax from ₹ 74.35 crore in Fiscal 2016 to ₹ 84.62 crore in Fiscal 2017.

Profit after tax before non-controlling interest and share of profit/(loss) of associates

Our profit attributable to non-controlling interest decreased from ₹ (11.22) crore in Fiscal 2016 to ₹ (11.76) crore in Fiscal 2017.

Profit for the period

As a result of the foregoing, we recorded a 22.93% increase in our profit for the year from ₹ 256.88 crore in Fiscal 2016 to ₹ 315.78 crore in Fiscal 2017.

Fair value of investments

The fair value of our investments increased, from ₹ (10.78) crore in Fiscal 2016 to ₹ 5.72 crore in Fiscal 2017.

Total comprehensive income for the year

As a result of the foregoing, our total comprehensive income for the year increased by 30.64%, from ₹ 246.10 crore in Fiscal 2016 to ₹ 321.50 crore in Fiscal 2017.

Liquidity and Capital Resources

Capital Requirements

Our principal capital requirements are for payment of principal and interest on our borrowings, capital expenditure and working capital expenditure. Our principal source of funding has been and is expected to continue to be, cash generated from our operations, supplemented by borrowings from banks and financial institutions/ raising of funds through issuance of NCDs and optimisation of operating working capital. For the past three Fiscals ended March 31, 2018, 2017 and 2016, we met our funding requirements including satisfaction of debt obligations, capital expenditure, investments, other working capital requirements, payouts to shareholders and other cash outlays, principally with funds generated from operations, optimisation of operating working capital with the balance met from external borrowings.

For the expansion project that we intend to undertake, we will be utilising a portion of the funds generated from this Issue along with internal accruals.

Liquidity

Our liquidity requirements arise principally from our operating activities, capital expenditures for construction of new projects, the repayment of borrowings and debt service obligations. Historically, our principal sources of funding have included cash from operations, short- and long- term borrowings from banks, overdraft facilities that are repayable on demand, cash and cash equivalents and equity and financing provided by our shareholders. We have also entered into various revolving credit and other working capital facilities, which provides sufficient liquidity for the requirements of our Company.

Cash Flows

The following table summarizes our consolidated cash flows for the Fiscals 2018, 2017 and 2016

(₹ in crore)

Particulars	**For the year ended March 31**		
	2018[(1)]	**2017[(2)]**	**2016[(3)]**
Net Cash from Operating Activities	334.90	470.07	573.58
Net Cash Used in Investing Activities	(610.38)	(528.86)	(451.95)

Net Cash Used in Financing Activities	279.07	58.30	(128.44)
Net Increase / (Decrease) in Cash and Cash Equivalents	**3.59**	**(0.49)**	**(6.81)**
Cash and Cash Equivalents at the beginning of the year	28.50	28.99	35.80
Cash and Cash Equivalents at the end of the year	32.09	28.50	28.99
Net Increase / (Decrease) in Cash and Cash Equivalents	**3.59**	**(0.49)**	**(6.81)**

Notes:

1. *Extracted from the consolidated financial results prepared for Fiscal 2018.*
2. *Extracted from the consolidated financial results prepared for Fiscal 2017.*
3. *Extracted from the consolidated financial results prepared for Fiscal 2017 (containing comparative financial information for Fiscal 2016).*

Cash flows generated from operating activities

We generated ₹ 334.90 crore net cash from operating activities during the year ended March 31, 2018 as compared to ₹ 470.07 crore in the year ended March 31, 2017. The cash generated from operating profit before working capital changes in the year ended March 31, 2018 was ₹ 697.03 crore against ₹ 654.41 crore during the year ended March 31, 2017, reflecting improved revenues. Cash generated from operations was lower than the previous year due to a increase in trade and other receivables of ₹ 145.57 crore in Fiscal 2018 and a increase in inventory of ₹ 175.88 crore in Fiscal 2018.

We generated ₹ 470.07 crore net cash from operating activities during the year ended March 31, 2017 as compared to ₹ 573.58 crore in the year ended March 31, 2016. The cash generated from operating profit before working capital changes in the year ended March 31, 2017 was ₹ 654.41 crore against ₹ 574.98 crore during the year ended March 31, 2016. Cash generated from operations was lower than the previous year due to a decrease in trade payables and other current liabilities of ₹ 4.98 crore in Fiscal 2017 and an increase in inventory of ₹ 76.22 crore in Fiscal 2017.

Cash flows used in investing activities

Net cash used in investing activities was ₹ 610.38 crore in the year ended March 31, 2018, primarily on account of ₹ 614.78 crore used for addition to property, plant and equipment / capital work-in-progress during the period which was marginally set-off by a decrease in other investments amounting to ₹ 3.35 crore.

Net cash used in investing activities was ₹ 528.86 crore in the year ended March 31, 2017, as compared to ₹ 451.95 crore in Fiscal 2016, primarily due to purchase of property plant and equipment, which amounted to ₹ 530.22 crore in Fiscal 2017 as compared to ₹ 466.47 crore in Fiscal 2016.

Cash flows generated from / (used in) financing activities

Net cash generated from financing activities in the year ended March 31, 2018 (which consists of proceeds of long term and other borrowings) amounted to ₹ 279.07 crore, compared to cash generated from financing activities of ₹ 58.30 crore in the year ended March 31, 2017, primarily due to a significant reduction of debt in Fiscal 2017 on account of lower working capital

Net cash generated from financing activities (which consists of proceeds of long term and other borrowings) in the year ended March 31, 2017 was ₹ 58.30 crore, compared to cash used in financing activities of ₹ 128.44 crore during the year ended March 31, 2016, primary due to a significantly higher repayment of long term borrowings in Fiscal 2016 as compared to Fiscal 2017.

Capital and Other Commitments

As at March 31, 2018, the estimated amount of contract remaining to be executed on capital account not provided for was ₹ 43.16 crore.

Capital Expenditure

(₹ in crore)

Particulars	**For the year ended March 31**		
	2018	**2017**	**2016**
Tangible Assets	448.07	571.71	347.81

Intangible Assets	Nil	2.00	0.42
Work in Progress	166.71	(43.49)	120.04
Total Capital Expenditure	**614.78**	**530.22**	**468.27**

Contingent Liabilities

Contingent liabilities and claims against us, to the extent not provided for, as at March 31, 2018, as determined in accordance with Ind AS 37, are described below

(₹ in crore)

Sr. No.	Contingent liabilities	Amount		
		Fiscal 2018	Fiscal 2017	Fiscal 2016
1.	Claims against the company not acknowledged as debts	89.76	69.47	72.25
2.	Letters of credit, bank guarantees and bills discounted	69.89	69.15	51.21

Financial Indebtedness

The following table sets forth our secured and unsecured debt position (on a consolidated basis) as at March 31, 2018.

(₹ in crore)

Indebtedness	Amount
Short Term	
- Secured Borrowings	871.28
- Unsecured Borrowing	141.20
Long Term	
- Secured Borrowings	908.27
- Unsecured Borrowing	-
Current maturity of long term borrowings	
- Secured Borrowings	162.27
- Unsecured Borrowing	-
Total Indebtedness (A)	2,083.02

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to an extent by debt and increases in interest expense may have an adverse effect on our results of operations, cash flows and financial condition. Our current debt facilities carry interest at variable rates as well as fixed rates. Although we engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under customer contracts, primarily a failure to make required payments on amounts due to us, leading to a financial loss.

Liquidity Risk

Adequate and timely cash availability for our projects under implementation and our operations is the liquidity risk associated with our operations.

Market Risk

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the foreign currency exchange rates, interest rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency payables and debt.

Foreign Exchange Rate Risk

Changes in currency exchange rates influence our results of operations. A portion of our revenues, particularly relating to our export sales, is denominated in currencies other than Indian Rupees, most significantly the U.S. Dollar. Similarly, a portion of our expenses, including cost of any imported equipment or machinery, freight costs and other operating expenses in connection with our capital expenditure, are denominated in currencies other than Indian Rupees. In Fiscal 2018, our net foreign currency denominated sales (consolidated sale in foreign currency less consolidated cost of raw materials in foreign currency) amounted to ₹ 1,061.42 crore. Accordingly, although we enter into hedging transactions to minimize our currency exchange risks, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. Dollar or other relevant foreign currencies.

Commodity Price Risk

We are subject to market risks related to the volatility in the price of our raw materials such as benzene and toluene amongst others, whose prices are direct co-related to fluctuations in the price of crude oil. Market forces generally determine prices for our products that we sell both within and outside India. Our financial results can be affected significantly by fluctuations in these prices, which depend on many factors, including the monsoon, global supply and demand, manufacturing costs (including the costs of raw materials), changes in the economy, global production levels, global inventory levels and disruptions in the supply chain.

Interest Coverage Ratio

The interest coverage ratio (which we define as cash profit after tax plus interest expenses divided by interest expenses for the year) for Fiscals 2018, 2017, and 2016 was 4.95, 5.06 and 4.38, respectively on a consolidated basis.

(₹ in crores)

Particulars	**Fiscal Year ended**		
	March 31, 2018	**March 31, 2017**	**March 31, 2016**
Profit after tax before non-controlling interest	346.13	327.54	268.10
Add:			
Depreciation and Amortization expenses	146.23	122.52	98.50
Interest expense	124.57	110.90	108.36
Cash Profit after tax plus interest expenses (A)	616.93	560.96	474.96
Interest expense (B)	124.57	110.90	108.36
Interest Coverage Ratio (A/B)	4.95	5.06	4.38

Reservations, Qualifications and Adverse Remarks Included In Financial Statements

There have been no reservations or qualifications or adverse remarks of our Statutory Auditors in the last five years.

Significant Developments after September 30, 2018

Except as stated in this Placement Document and disclosed below, to our knowledge no circumstances have arisen since the date of the last audited financial statements as disclosed in this Placement Document that could materially affect our future result of operations:

1. *Demerger of our HPC Segment*:

The Board, on June 28, 2018, approved a scheme of arrangement for the demerger of our HPC Segment into a separate listed entity. A scheme of arrangement, involving our Company, Arti Surfactants Limited and Nascent Chemical Industries Limited ("**Nascent**") and their respective shareholders has been approved by our Board of Directors in their meeting dated June 28, 2018 ("**Scheme**") and has been filed with the Stock Exchanges, SEBI and NCLT. In accordance with the Scheme, the following are proposed: (a) the demerger of our HPC Segment into Arti Surfactants Limited; and (b) demerger of the chemical manufacturing undertaking of Nascent into our Company. Accordingly, in consideration for the demerger of the chemical manufacturing undertaking of Nascent into our Company, 4,48,591 Equity Shares shall be issued by our Company to the shareholders of Nascent in the ratio of 151 Equity Shares of the Company for every 100 equity shares of face value of ₹ 10 each of Nascent. Our demerger petition has now been admitted before the National Company Law Tribunal, Ahmedabad and the date of the next hearing is scheduled for April 2, 2019. For further details, please see "*Our Business -Demerger of our HPC Segment*" on page 151.

INDUSTRY OVERVIEW

The information contained in this section is derived from various industry and publicly available resources. The information also includes information available from reports or databases of CRISIL. The Company, its Directors, the Placement Agents nor any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information.

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing the "Assessment of the Specialty Chemicals Industry in India", released in March 2019 (the "Report") based on the Information obtained by CRISIL from sources which it considers reliable ("Data"). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. The Company will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

Overview of the Indian economy

Overview of the global macroeconomic scenario

The world's gross domestic product (GDP) grew at an estimated 3.7% in calendar year (CY) 2018, according to the International Monetary Fund's (IMF) World Economic Outlook (WEO) released in January 2019. On-year growth was slightly lower in 2018 on account of tariff revisions in the US and China, coupled with the introduction of new automobile fuel emission standards in Germany. Further, concerns about sovereign and financial risks weighed on domestic demand in Italy.

The US showed above-trend growth during the year, expanding 2.9%, while the euro zone (2.0%) and Japan (1.1%) showed slightly slower on-year growth. China, now the world's second largest economy and the largest contributor to global GDP, grew 6.6%, compared with 6.9% in 2017, led by a slowdown in manufacturing. This is the slowest growth rate China has seen over the past three decades.

India is one of the fastest growing economies, having expanded faster than China since 2015. The former's fiscal and monetary policies are more prudent, focusing on raising the quality of growth and not just the rate.

The Indian government has adopted an inflation targeting framework that provides an institutional structure for inflation control, while modernising central banking. The fiscal policy has managed to stay mildly growth-focused, while managing a gradual reduction in the deficit. The upshot is that India's macros are a lot more stable and the economy is pretty resilient to global shocks.

GDP growth (percentage change)

Note: Figures stated are for calendar year; E: Estimated; P: Projected; 2018P and 2019P reflects WEO October 2018 update
Source: WEO, January 2019, IMF, CRISIL Research

In January, the IMF lowered its global growth projections for 2019 and 2020 to 3.5% and 3.6%, respectively, from 3.7% each in 2018. Key factors for the downward revision include increase in tariffs by the US and China, the lingering impact of weak growth momentum in the second half of 2018, and lukewarm financial market sentiment. Risks to global growth

are tilted to the downside. These include escalation of trade tension, tighter financial conditions, deterioration in the risk sentiment, no-deal Brexit, and greater-than-expected Chinese economic slowdown.

Review of India's GDP growth

India's GDP to grow 7.4% in fiscal 2019

India's GDP is expected to grow healthily, led by re-monetisation and easing of teething troubles faced under the Goods and Services Tax (GST) mechanism. While the pain of demonetisation and GST implementation will be frontloaded, the benefits will be felt over time. Hence, GDP growth has been strong in fiscal 2018 over the weak base of fiscal 2017 – with a normal monsoon. Growth will also find support from private consumption, driven by continued government spending on construction activities, benign inflation, and revision in government salaries at the state level.

CRISIL Research expects real GDP growth to rebound to 7.4% in fiscal 2019 from 6.7% in fiscal 2018, as transitory disruption from GST implementation wanes and a low base helps. While growth will continue to be driven by consumption, interest rates are expected to remain soft and inflation will be under control. Investments, fired largely by public sector investments in infrastructure, too, would start helping growth. Growth will also be mildly supported by public spending (with a rural focus) in infrastructure, especially roads. The government's Rs 2.11 lakh crore bank recapitalisation plan would mean the banks would be sufficiently funded to support growth. On the external front, too, synchronised global recovery is expected to gather pace, which should help Indian exports that were held back to some extent on account of GST-related glitches.

Table 1: Our key projections

	2015-16	2016-17	2017-18	2018-19F
GDP growth (%)	8.0	7.1	6.7	7.4
CPI (%, average)	5.0	4.5	3.6	3.7
CAD/GDP (%)	-1.1	-0.7	-1.9	-2.6
Fiscal deficit/ GDP centre (%)	3.9	3.5	3.5	3.3
Exchange rate (Rs/$ March-end)	67	65.9	65	71
10-year G-sec yield (%, March-end)	7.5	6.8	7.6	7.9

F: Forecast
Source: Central Statistics Office (CSO), Reserve Bank of India (RBI) and CRISIL estimates

Table 2: Nuances of GDP growth

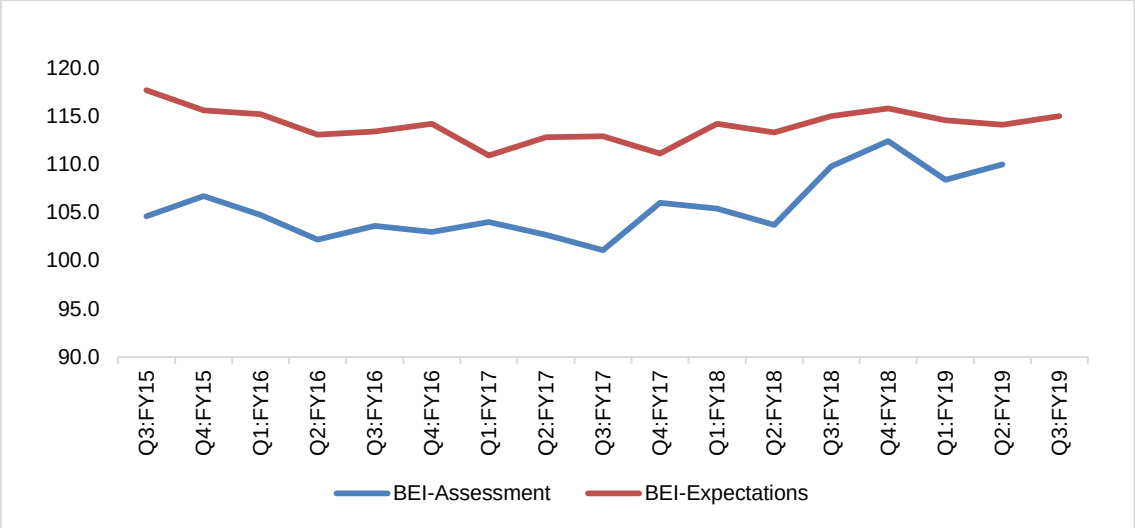
At basic prices	2014-15	2015-16	2016-17	2017-18	At market prices	2014-15	2015-16	2016-17	2017-18
					GDP	7.4	8.2	7.1	6.7
Agriculture	-0.2	0.6	6.3	3.4	Private consumption	6.4	7.4	7.3	6.6
Industry	7.0	9.8	6.8	5.5	Govt. consumption	7.6	6.8	12.2	10.9
Manufacturing	7.9	12.8	7.9	5.7	Fixed investment	2.6	5.2	10.1	7.6
Mining & quarrying	9.7	13.8	13	2.9	Exports	1.8	-5.6	5.0	5.6
Services	9.8	9.6	7.5	7.9	Imports	0.9	-5.9	4.0	12.4

Source: CSO, CEIC, CRISIL Research

There are, of course, ups and downs in domestic macroeconomic variables, but volatility in most indicators has eased. In simpler words, macro indicators have fluctuated much less under the current government, though improvement in some key indicators, such as inflation, current account deficit and fiscal deficit, was on account of both good luck as much as good policies.

Curiously, however, business sentiment has not changed materially despite most key macro parameters showing improvement and lesser volatility. This can be attributed to the fact that most of the reform measures taken by the government have been aimed at improving the trend rather than the cycle, i.e., the steps are expected to show results in the long rather than the short term. That said, India's global rankings on various fronts have improved because of several reform measures.

Figure 1: RBI Business Expectation Index



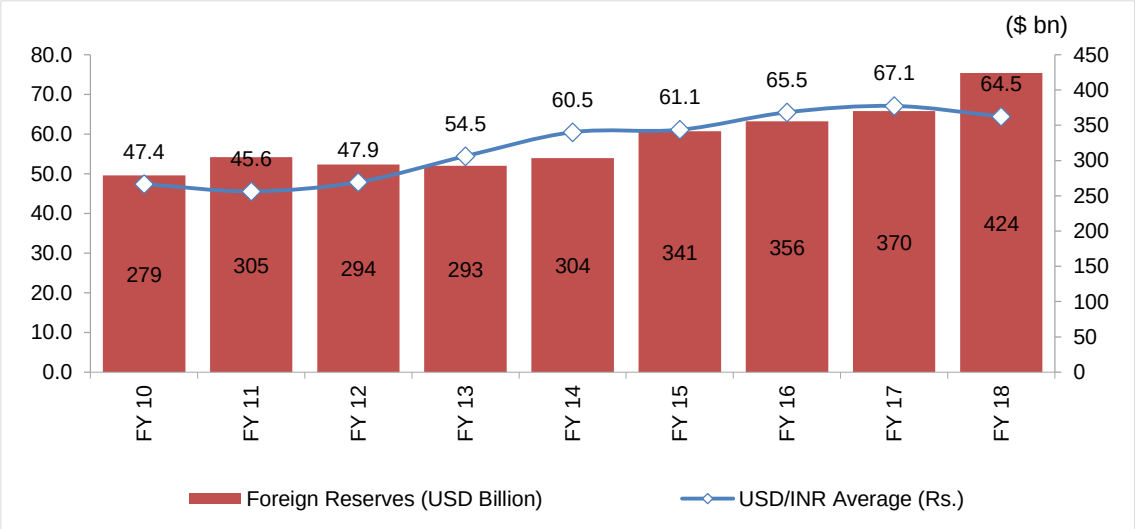
Source: RBI, CRISIL Research

*Reserve Bank releases results of Industrial Outlook Survey (IOS) which captures qualitative assessments of the business situation by companies in the Indian manufacturing sector and their expectations

Lower rupee volatility with rising forex reserves

India's forex reserves swelled 52% in the past nine years to $424 billion by the end of fiscal 2018 from $279 billion in fiscal 2010. Higher forex reserves have helped the RBI rein in currency volatility, as it provides a cushion during uncertain market events. For instance, the rupee remained relatively stable during several periods of uncertainties triggered by events such as GREXIT, BREXIT and a hike in interest rates by the US Federal Reserve (Fed). However, reserves have come under pressure in fiscal 2019 owing to a meltdown in emerging market currencies, led by Turkish lira, and the apex bank's intervention in the derivative currency markets to arrest the rupee's slide. As on February 22, 2019, foreign exchange reserves for India stood at $399 billion.

Figure 2: Rising forex reserves reined in currency volatility



Source: RBI, CRISIL Research

Overview of the global specialty chemicals industry

The global chemicals market is segregated into basic chemicals, industrial gases, petrochemicals, polymers, specialty chemicals, and others. China, Japan and the US are leaders in chemicals space.

Specialty chemicals are low volume, high value chemicals with specific applications. These are classified based on end-user industries. Some specialty chemicals are used in multiple industries. CRISIL Research considers the following categories of specialty chemicals: agrochemicals, personal care ingredients, polymer additives, water chemicals, textile chemicals, construction chemicals, electronic chemicals, surfactants, flavours and fragrances, and dyes and pigments. Unlike bulk chemicals, specialty chemicals are used in low quantities and are consumed for specific end-use applications. They are chemical products that are sold on the basis of specific requirement in end-user segments rather than their composition. These chemicals impart a variety of properties to products and have a high degree of value addition.

Global specialty chemicals market to log 4-6% CAGR by 2022

Within global chemicals, specialty chemicals is a key segment, valued at ~$750 billion in 2017. **A**grochemicals dominated the specialty chemicals revenue pie, accounting for 20-22% share in 2017. The use of agrochemicals in fertilisers, herbicides, insecticides and pesticides is rising because of increasing demand for agro products led by population growth and improving propensity to buy owing to rapid industrialisation globally. The polymers and plastic additives segments comprised the second-largest revenue share at 12-14%.

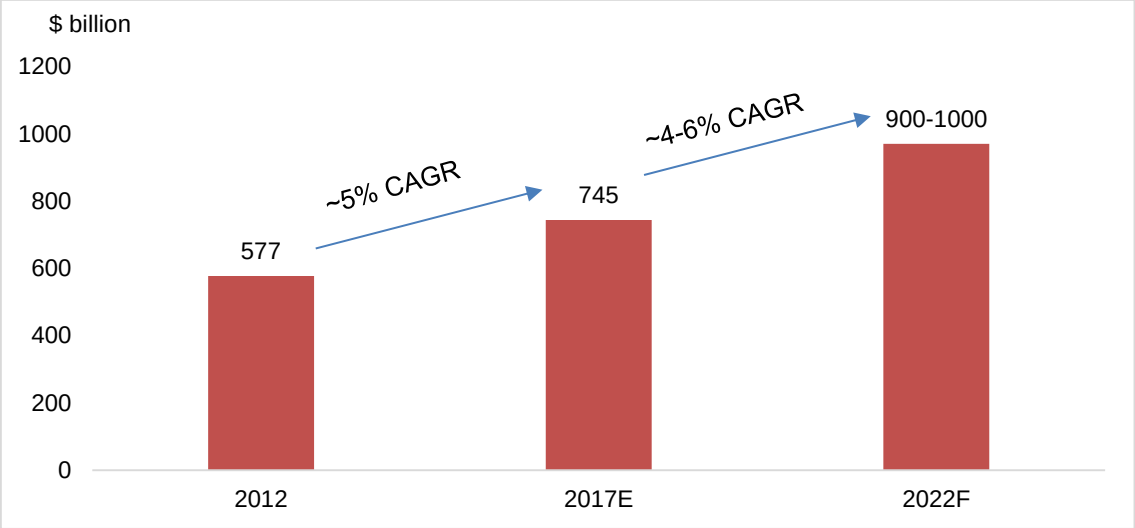
Global specialty chemicals industry classification

Specialty chemicals classification
Agrochemicals (20-22% share of the global market)
Polymer and plastic additives (12-14% share of the global market)
Construction chemicals
Electronic chemicals
Industrial and institutional cleaners
Surfactants
specialty coatings
Lubricant and oilfield chemicals
Textile chemicals
Food additives
Adhesives and sealants
Others

Source: CRISIL Research

By 2022, the global specialty chemicals market is expected to grow at 4-6% CAGR to $900-1000 billion, similar to the growth of 5% CAGR witnessed in the past five years. Steady growth is because of sustained demand in end-user industries. Rapid industrialisation in China and India is expected to continue driving demand for specialty chemicals.

Global specialty chemicals market size



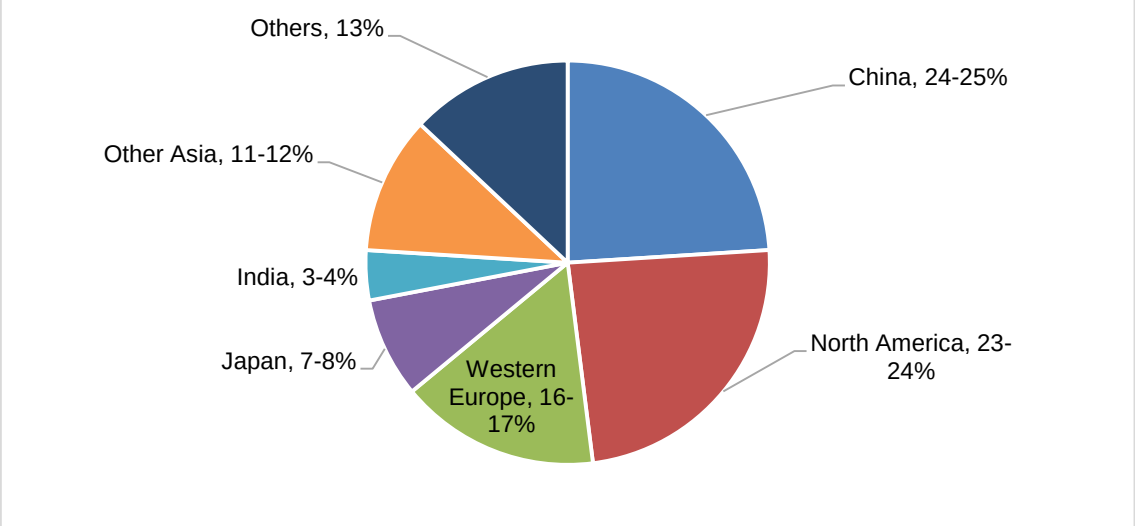
Source: CRISIL Research

APAC – Key contributor to global specialty chemicals market in 2017

The last two decades have seen a significant shift in the global specialty chemicals industry with developed countries losing their production supremacy (particularly the US) to emerging market nations in Asia. Key facilitators for this shift include stricter environmental norms in western countries and cost advantages enjoyed by emerging markets in in terms of logistics and labour. Further, companies wanted to shift closer to demand centres and optimizing their supply chains.

The Asia Pacific (APAC) region, with a share of 45-50%, was the key contributor to the global specialty chemicals market in 2017, followed by North America and Western Europe.

Market share of specialty chemicals of key countries in 2016



Source: CRISIL Research

Investments in specialty chemicals in the APAC and emerging markets have risen because of a large consumer base and favourable government policies. Easy availability of low-cost labour, driven by increasing middle-class population, has helped the region serve as a production base for leading global vendors. In addition, the presence of sizeable automotive, construction, electronics, pharmaceuticals and textile markets in China, India, Japan and South Korea contributes significantly to the global chemicals market.

China has been a key beneficiary in this shift from developed to emerging markets, gaining the largest share in the domain, due to availability of feedstock, cheap labour, government support, cheap capital, ease of setting up facilities and a sizable end-use market.

China dominates the construction market in the APAC region. The increase in demand for commercial infrastructure and industrial buildings and expansion of road and railway networks in China have been driving the demand for construction chemicals. Growing demand for electronic chemicals in China is also a key demand driver. China's specialty chemicals market grew at a rapid pace of ~25% CAGR between 2003 and 2008. Market growth was slower between 2008 and 2016, clocking 13% CAGR. Growth has further slowed down in recent years with economic slowdown and changing stance of the government towards implementation of stringent environmental norms.

Automobile production in the APAC region is rising rapidly driven by increasing demand from India, Indonesia, Thailand and Vietnam pushing demand for polymer additives. Another sector promoting growth of specialty chemicals in the APAC region is the textiles industry. Increase in investments in textile manufacturing is driving the textile chemicals market in the APAC region. The textiles sector is growing rapidly in China and India because of low labour cost. China is the largest producer and exporter of textiles on the back of the country undertaking several projects to build a hub in Xinjiang for textile and apparel production by 2030. Export revenue from textiles and clothing from Vietnam was $28.5 billion in 2016, which is expected to reach $50.5 billion by 2020.

China's specialty chemicals market eroding

China's specialty chemicals market has seen a downturn in recent years due to various factors. Most prominent amongst these are the recent environmental norms introduced by the Chinese government, which have led to shutdown of a number of chemical plants.

Some major factors that have contributed to a slowdown in the specialty chemicals market in China include:

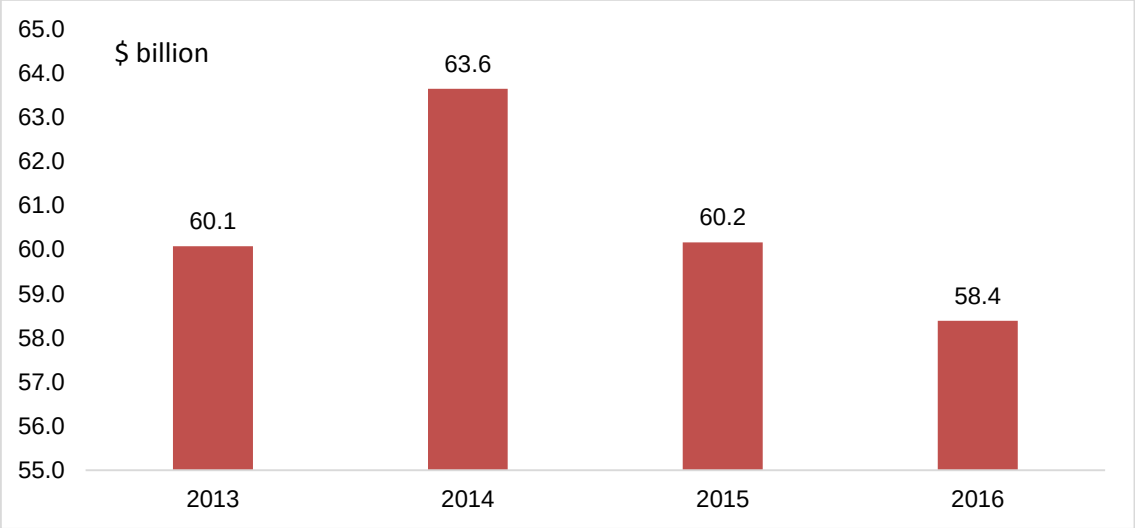
Stringent environmental norms: Chinese government started implementing stricter environmental protection norms from January 2015. With the focus on controlling pollution, the Chinese Ministry of Environmental Protection enforced strict penalties on polluting industries, including chemicals. Some of the major steps taken were:

- Shift towards gas-based power plants from coal-based ones
- Implementation of strict penalties for noncompliance
- Construction of compulsory effluent treatment plants
- Mandatory for all polluting industries to operate from industrial clusters away from habitat
  - Small to mid-size chemicals plants to relocate by the end of 2020
  - All larger plants must relocate by the end of 2025 and start the process by no later than 2020
- Taxes to be levied on polluting industries based on pollution type, location and severity
- Air pollution fees range from 1.2 yuan ($0.18) to 12 yuan ($1.81) per pollutant equivalent value. Pollutant equivalent value has been defined separately for each pollutant under the List of Taxable Pollutant and Taxable Pollutant Equivalent Volume in the EPT Law of China
- Penalty for noise pollution run from 350 yuan ($52.69) up to 11,200 yuan ($1,686.04) per decibel in excess, depending on the location and severity

As a result of all of the above, Chinese chemical companies are witnessing a rise in capex and opex costs, making them less competitive in the export market. In 2017, an estimated 40% of the chemical manufacturing capacity in China was temporarily shut down for safety inspections, with over 80,000 manufacturing units charged and fined for breaching emission limits. The Government of Jiangsu, a highly industrialised province on China's east coast, has set a goal of shutting down 1,000 chemical plants within three years (2018-2020) that use older technology or are located near the Yangtze River. Further, China eliminated export subsidies for seven sectors including specialty chemicals in April 2016.

China's chemical exports, as shown in the figure below, are witnessing a downward trend since 2015, as a result of rising production costs for Chinese manufacturers with the implementation of environment protection norms.

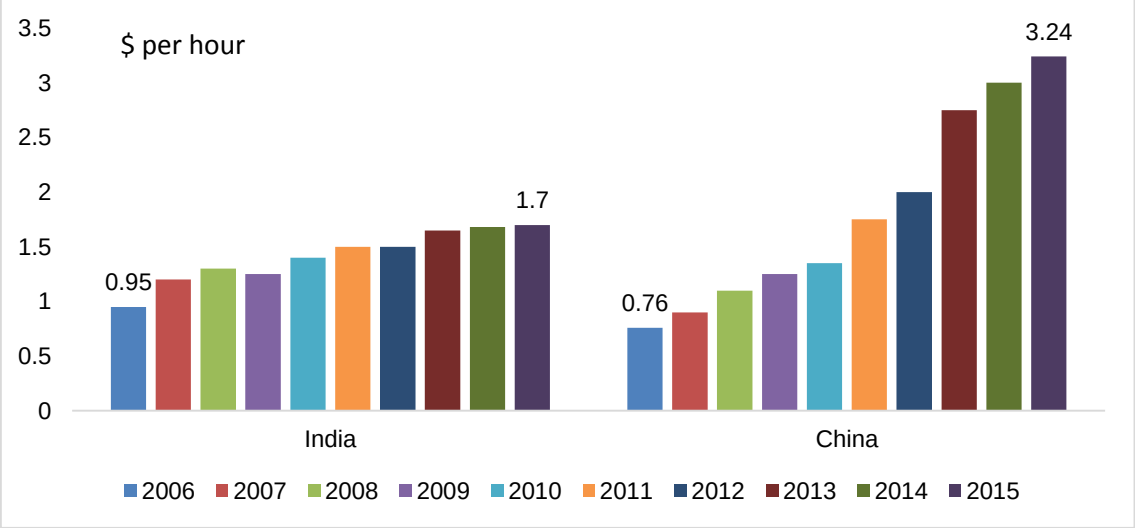
Trend in china's chemical exports



Source: UN Comtrade; export of goods under HS codes 28 and 29 considered

Rising labour costs: China's labour costs have seen a rapid increase over the last 10 years. Average hourly wages in China were ~$3.24 in 2015, nearly 4 times the labour costs in 2006. China's hourly wages were nearly twice the average hourly wages in India as of 2015, which was at par with countries like Portugal and South Africa. Rising labour costs in China are also contributing to increased operating expenditure for chemical manufacturers, rendering them uncompetitive.

Comparison of labour costs in India and China



Source: World Bank

Slowing domestic demand: The domestic chemicals industry in China is also witnessing a slowdown, as a result of slower economic growth. China's economic growth is expected to slow down further in the coming years, thus resulting in reduced domestic demand.

Currency appreciation: The recent appreciation in Chinese currency has also weighed down on the overall export market, thus impacting chemical exports significantly. The Chinese currency appreciated ~2% against the USD since December 2018**.**

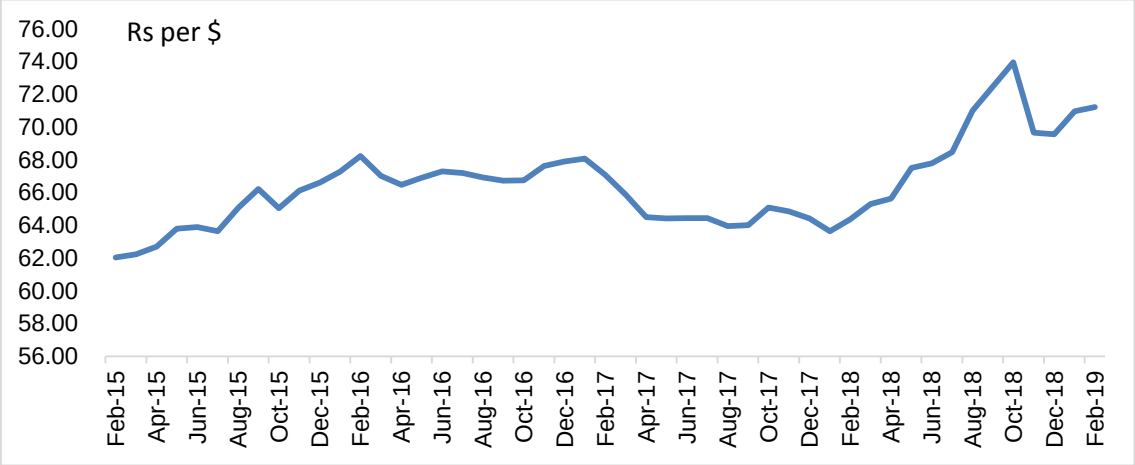
India to benefit from China's downturn in specialty chemicals industry

The recent downturn observed in China's specialty chemicals industry is serving as an opportunity for Indian manufacturers, who have now gained a cost advantage over their Chinese counterparts. The changing regulatory and policy environment in China has led global companies to diversify supply risk, thereby improving export opportunities for Indian players. This is because, very few countries, other than India, have the requisite scale, technology, raw materials

and government support to capture this opportunity.

In addition, the depreciation of Indian rupee in recent times has led to increased pricing power for specialty chemical players, and enhanced global competitiveness.

Rupee has depreciated ~15% in the last four years relative to dollar



Source: RBI

The specialty chemicals growth story in China and India has been led by significant contribution from the unorganised segment comprising a multitude of smaller players. The supernormal growth in China had been contributed by large players as well as multiple small players, who were in non-compliance to environmental norms. These smaller plants have shut down in the recent times amid rising environmental concerns. While this has impacted the overall growth story, larger organised players with established markets and compliance certificates continue to operate.

India also faces threat from environmental concerns and tighter norms. However, considering the strict compliance by organised players in the market, this threat is limited to smaller players and shall serve as an opportunity for larger players to capture the market. Most large players are already making investments in Safety health & Environment (SH&E) to ensure plant sustainability.

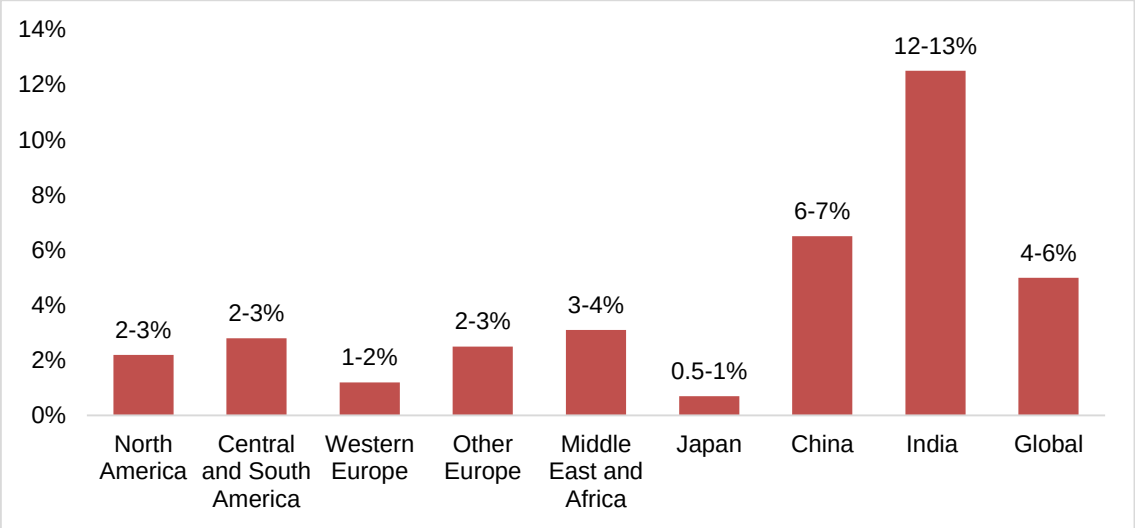
Indian specialty chemicals market to witness sharp growth compared with other regions

In terms of region-wise demand, India's specialty chemicals industry is expected to witness the maximum growth of 12-13% CAGR over the next five years compared with other markets, due to rising demand from end-user industries, coupled with tight global supply on account of stringent environmental norms in China. Markets like Americas, Europe and Japan are expected to clock less than 3% CAGR over the next five years, due to industry saturation in these regions.

China's specialty chemicals industry, which saw historical growth rates of ~20% and above until 2013, is expected to witness slower growth, of 6-7% CAGR, in the upcoming years, due to various factors like environmental regulations, leading to overall slowdown in the industry.

However, while the specialty chemicals market in India is expected to showcase the strongest growth, far exceeding China and rest of the world in percentage terms, it would still translate to lesser growth in absolute terms, considering its smaller share in the global pie. The global market is expected to increase by $200-255 billion in absolute terms, while the Indian market is expected to grow only $20-25 billion vis-à-vis the China market, which is expected to expand by $55-60 billion during fiscals 2018 to 2023, despite slower growth.

Region-wise expected growth in specialty chemicals (FY18-23 CAGR)



Source: CRISIL Research

Overview of Indian specialty chemicals industry

Classification of chemicals industry in India

The chemicals industry supports India's agricultural and industrial development. It provides raw materials, intermediates and process chemicals for agro chemicals, detergents and soaps, textiles, paper, paints, pharmaceuticals, varnish, etc. The following figure provides an indicative classification of chemicals:

Alkali chemicals	Pesticides & insecticides	Dyes & dye stuffs	Specialty chemicals	Other inorganic chemicals	Other organic chemicals
• Soda ash • Caustic soda • Liquid chlorine	• Mancozab • 2, 4-D • Dichlorodi-phenyltrichloro ethane (DDT) • Malathion • Dimethoate • DDVP • Quinalphos • Monocrotophos • Phorate • Ethion • Fenvalerate • Cypermethrin • Acephate • Chlorphyriphos • Triazphos • Profenofos technical • Glyphosate • Aluminium phosphide	• Azo dyes • Acid direct dyes • Disperse dyes • Fast colour bases • Ingrain dyes • Organic pigment • Reactive dyes • Optical whitening agents • Pigment emulsion • Sulphur dyes • Inorgnic pigments	• Water treatment & construction chemicals • Surfactants • Textile chemicals • Polymer additives • Personal care ingredients • Flavours & fragrances • Pharmaceutical intermediates • Agrochemical intermediates • Engineering fluids • Electronic chemicals	• Aluminium fluoride • Calcium carbide • Potassium chlorate • Titanium dioxide • Red phosphorous • Calcium carbonate • Hydrogen peroxide	• Acetic acid • Acetic anhydride • Acetone • Phenol • Methanol • Formaldehyde • Nitrobenzene • Maleic anhydride • Pentaerythritol • Aniline • Chloro methanes • Isobutylbenzene • ONCB • PNCB • MEK • Acetaldehyde • Ethanolamines • Ethyl acetate

Note: The above list is indicative in nature and non-exhaustive.
Source: CRISIL Research

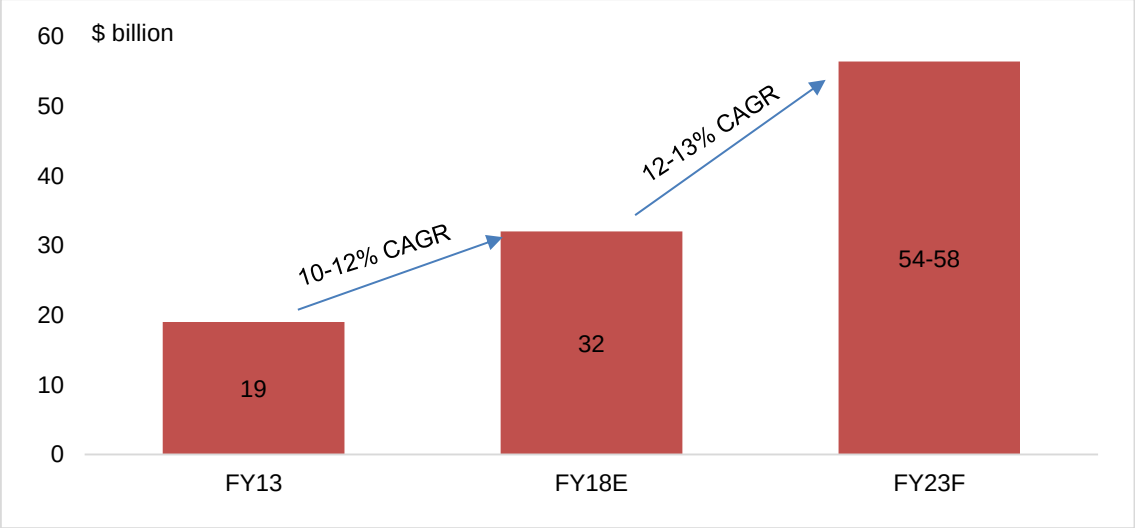
Market size of domestic specialty chemicals industry

Specialty chemicals industry in India estimated at $32 billion in FY18

India's specialty chemicals industry, accounting for around 17% of the overall chemicals industry and is estimated to be around $32 billion in fiscal 2018. As discussed previously, CRISIL Research considers the following categories of specialty chemicals: personal care ingredients, polymer additives, water chemicals, textile chemicals, construction chemicals, surfactants, and flavours and fragrances.

Specialty chemicals segment clocked 10-12% CAGR from fiscals 2013 to 2018, driven by an increase in domestic consumption from various end-user industries and rising exports. CRISIL Research expects this segment to clock 12-13% CAGR during fiscals 2018 to 2023 driven by rising domestic consumption and exports.

Specialty chemicals industry trajectory



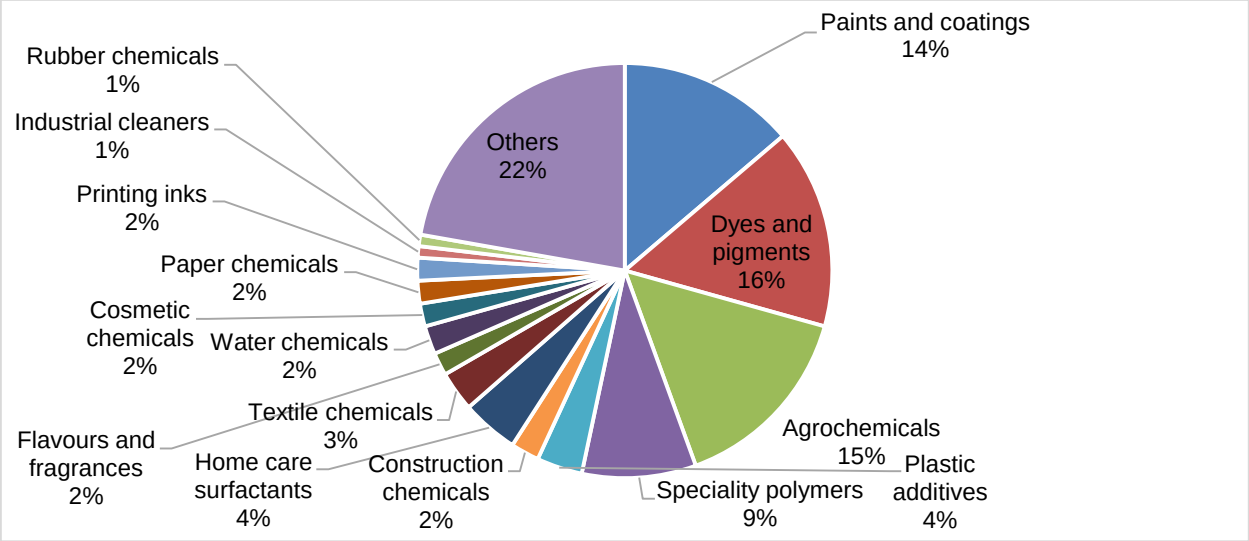
E: Estimated; F: Forecast; Source: CRISIL Research

Amongst the various end-use application industries, construction chemicals, water treatment chemicals and chemicals finding applications in textile industry are expected to lead the growth in specialty chemicals industry.

The construction chemicals industry in India accounts for only 0.3-0.5% of the total construction spend and has a potential of reaching 1%, which is the norm in developed economies. The demand for water has been growing significantly, putting pressure on supply of water for irrigation, drinking and industrial usage, resulting in a higher demand for water treatment chemicals.

The textile sector is expected to play a major role in the growth of the specialty segment considering the range of processing aids, dyes and pigments used in this segment and with increasing demand from both domestic as well as export markets. Growing affluence and resultant increase in consumption of personal care products will drive demand for a wide range of cosmetic chemicals, health care products as well as hygiene products using specialty chemicals.

Major sub-segments within the specialty chemicals market (value terms) in FY17



Source: CRISIL Research

Key growth drivers for specialty chemicals industry in India

Increase in consumption intensity

Compared with the developed world, the penetration of specialty chemicals within India's end-user markets is low. The per capita consumption in India is ~USD 23 (in value terms) vis-à-vis global average of USD 100. With increased focus on improving products, usage intensity of specialty chemicals within these end markets will rise in India over the next decade. For example, concrete admixtures improve the fluidity of concrete, provide a smoother, more even finish, and help avoid cracks. Consequently, concrete admixtures can help reduce maintenance and repair costs, and, therefore, the total cost of ownership of construction projects. India's current expenditure on admixtures is much lower compared with other developed and developing countries. This is primarily owing to the lack of awareness of admixtures in the Indian construction industry. With increasing demand for higher quality construction and increasing awareness of concrete admixture benefits, the industry could double the intensity of admixture consumption in India

Higher end-use demand

- With rising GDP, the Indian middle-class could grow to 148 million households by 2030, with consumption quadrupling. Furthermore, India's urban population is expected to increase by 275 million people by 2030. This will result in high consumption-led growth in key end markets and an increased need for better products and services
- The specialty chemical industry's growth typically follows growth of key end markets. For example, an increasingly urbanised India (cities are likely to comprise 40% of the population by 2030) will double the requirement for clean municipal water by 2020, and, therefore, significantly increase municipalities' usage of water treatment chemicals to treat/ recycle waste water. Similarly, increased infrastructure spending by the government accompanied by growth in the real-estate industry could result in high growth in the construction chemicals and coatings segment
- The performance of end-user industries such as automobiles, textiles, real estate and construction, consumer durables, packaged foods, paints, plastic, cosmetics, oil well drilling, etc. will drive industry's demand

Improved consumption standards

Consumer needs are evolving away from basic product properties across all end-user industries. Consumption standards are policies implemented by the government to promote the safe use of products. These standards are necessary for improving society's standard of living and enhancing consumer safety. Most developed countries have implemented stringent consumption standards across various end-use markets. As the economy develops, India will need to regulate products more stringently and strengthen consumption standards, which will promote increased usage of specialty chemicals

Government initiatives

Under the Make in India programme, the Government of India has released a Draft National Chemical Policy, aimed at

increasing the share of chemicals sector in the country's GDP and increasing competitiveness in the sector. The draft document mentions increased focus on the specialty chemicals segment through implementation of a host of measures:

- One of the measures provides for permitting companies to set up capacities in petroleum, chemicals, and petroleum investment regions (PCPIR) by demarcating special zones to aggregate feedstock demand, The PCPIRs are expected to boost chemicals manufacturing to the extent that it is sufficient enough to meet domestic as well as the export markets
- The draft document also includes a suggestion on setting up of 'Specialty Chemicals Forum' to frame relevant consumer standards. This forum would have representation from industry, customers, and government, and would recommend consumer standards, incentives to drive innovation, and product safety standards
- The central government has imposed anti-dumping duty to protect the local industry; this duty varies as per the country and product
- Industrial licensing has been done away in most sectors, except for a small list of hazardous chemicals
- Approval has been granted for foreign direct investment (FDI) of up to 100% in the sector
- The government is also continuously reducing the list of reserved chemical items for production in the small scale sector, thereby assisting greater investments in technology upgradation and modernization

Favourable global factors

China, which is a major player in commodity chemicals, has seen lower focus on specialty chemicals because of low volume and high value nature of the segment. Additionally, stricter environmental regulations introduced in 2015 have impacted the output of its chemical manufacturing industry. Going forward, these factors are expected to play out in favour of India's specialty chemicals industry, as exports will see an uptrend over the next few years.

Key policies/regulations impacting the chemicals industry

FDI regulations

The government allows 100% FDI in the chemicals sector. Between April 2000 and March 2018, cumulative FDI inflows in the chemicals industry (other than fertilisers) stood at Rs 774 billion.

Make in India

The 'Make in India' initiative was launched in September 2014, devised to transform India into a global design and manufacturing hub. The government identified 25 key sectors, including chemicals, considering the likelihood of receiving FDI.

Some chemicals such as wax candles, safety matches, and incense sticks have been reserved for the Micro, Small & Medium Enterprises (MSME) sector, where the government has allowed FDI of over 24% via the government route. However, the list of chemicals restricted to the MSME sector has been shrinking.

Setting up of the PCPIR has been taken up with the purpose of establishing manufacturing plants for domestic and export-led production, along with associated services and infrastructure.

Petroleum, chemicals, and petrochemicals industry in India

The PCPIRs were introduced in 2007 in order to set up manufacturing hubs that would service the domestic as well as the export markets. These are delineated region of about 250 sq km, which also house associated services and infrastructure. Essentially a combination of production units, public utilities, logistics, environment protection mechanisms, residential areas, as well as administrative services.

The entire region is proposed to be distributed into two broad areas: processing and non-processing. The processing areas would house the manufacturing plants along with the associated utilities and services, whereas the non-processing areas would house the residential, commercial and other social structures.

The fundamental responsibility of identifying a location, preparing the proposals, and seeking approvals for the same lies with the state government. The central government is tasked with providing external infrastructure facilities such as road and rail connectivity to the region.

So far, the Centre has approved four PCPIRs in Gujarat (Dahej), Andhra Pradesh (Vishakhapatnam), Tamil Nadu (Cuddalore and Nagapattinam), and Odisha (Paradeep). The total proposed investments in the four regions is ~Rs 9 trillion, of which investments worth ~Rs 1.8 trillion have either been made or committed as of March 2017.

Environmental regulations

The chemical sector manufacturers in India have to abide by the rules and regulations laid out by the Ministry of Environment, Forest, and Climate Change under the purview of Central pollution control board (CPCB). Individual states also have their own pollution control boards, which implement various environmental legislations. Environmental regulations which chemical manufacturers have to follow are:

- Environment (Protection) Act, 1986
- Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981
- Hazardous Waste (Management & Handling) Rules, 2000
- Ozone Depleting Substances (Regulations and Control) Rules, 2000

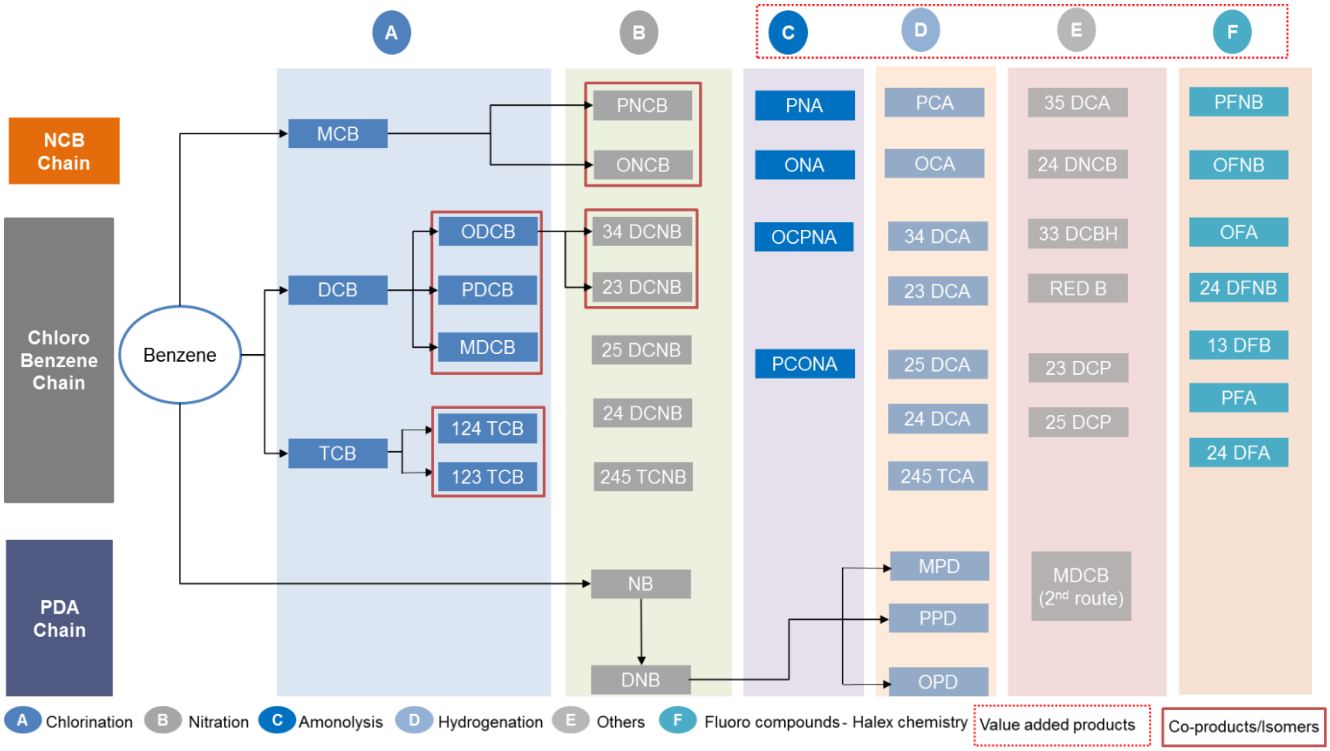
Besides, there are rules spelt out by various state pollution control boards, relating to solid waste management.

Market assessment across focus products value chain

Benzene derivative value chain

Benzene based derivatives in the specialty chemicals industry include the following products:

Benzene based value chain



Source: Industry, CRISIL Research

As of today, there are few large players and large number of small players in the domestic, as well as global speciality chemicals market producing benzene based derivatives. Some leading players in the industry include Lanxess, Dupont, Sumitomo chemicals, Honeywell, Aarti Industries Limited, Panoli intermediaries, etc. In the Indian market, Aarti Industries is the leading player in India and also ranks among the largest players globally across various processes like chlorination, nitration, and hydrogenation.

Market assessment of key benzene derivative products

Nitrochlorobenzene (NCB)

Overview of global NCB market

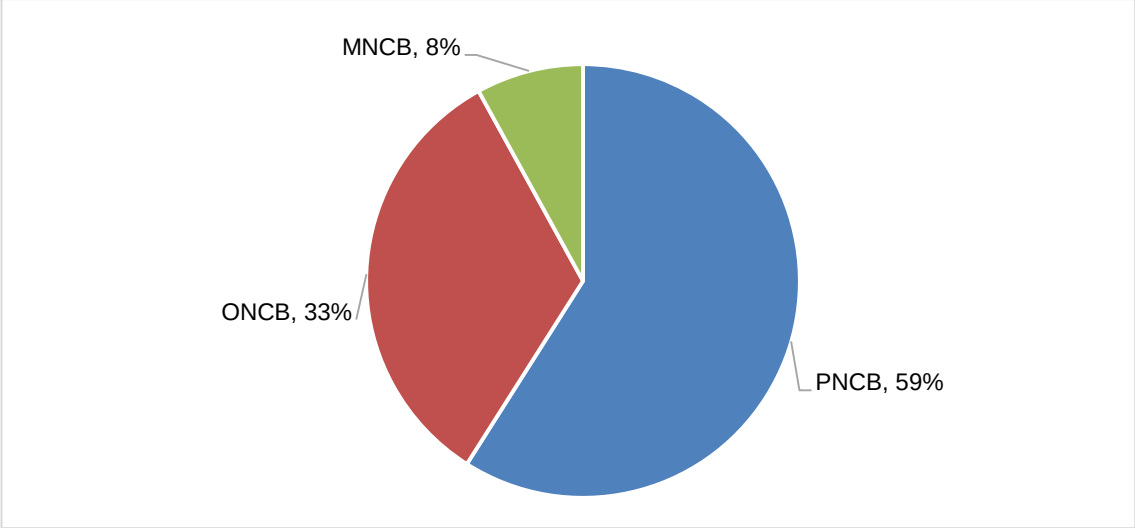
NCB has three isomeric forms - ortho, meta, and para NCB. It is produced by the reaction of nitric acid with chlorobenzene. This reaction is carried out in the presence of sulfuric acid. NCB is a precursor for producing other chemical compounds owing to presence of two functional groups in it.

In terms of form, para nitrochlorobenzene (PNCB) dominates the market with ~59% of the market share (in 2018). It acts as an intermediate in the production of fine chemicals, particularly dyes, pigments, pesticides, herbicides, and several pharmaceutical products.

Ortho nitrochlorobenzene (ONCB) is the second largest market with a share of 33%. ONCB has the ability to crystallize in light yellow, monoclinic needles and is very soluble in diethyl ether, which paves way for use in azo dye intermediates. Rising importance of rust protection in manufacturing industry to reduce maintenance cost is expected to fuel the demand for ONCB in production of corrosion inhibitors. Moreover, it is one of the isomeric products of nitration of chlorobenzene in the presence of sulphuric acid and nitric acid. It is not an end-product in itself but used as an antecedent to other compounds. This chemical has found its applications in dyes, pesticides, and agrochemicals.

Meta nitrochlorobenzene (MNCB), accounting the remaining market share is an important intermediate of dyes and pharmaceuticals. It is used to produce chloroaniline, azo dyes, pigments, drugs, pesticides etc.

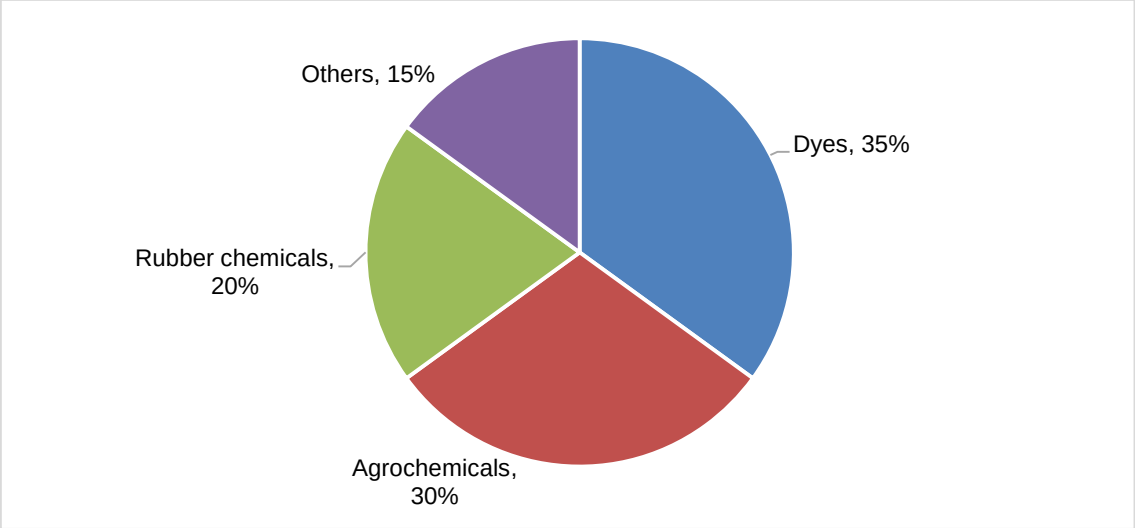
Global NCB market by form



Source: Zion Market Research

In terms of end-use, global NCB market is dominated by dyes, accounting for ~35% of the market share, followed by agrochemicals (30%) in 2018.

Global NCB market by end-use



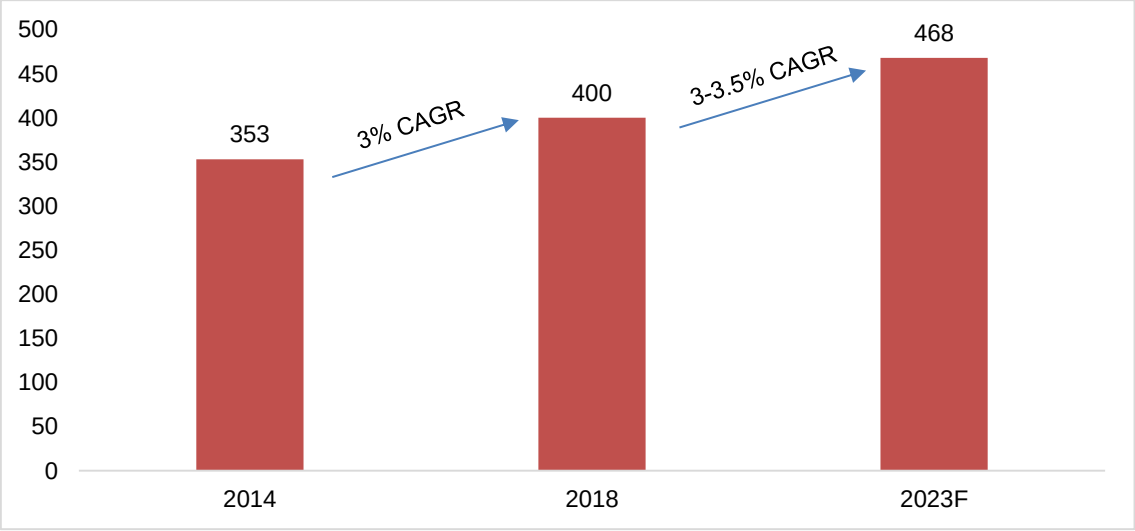
Source: Zion Market Research

The global NCB market grew at 3% CAGR between 2014 and 2018. Global NCB consumption was 322 KTPA in 2018, or $400 million in revenue terms. The market is expected to grow 3-3.5% CAGR between 2019 and 2023. Growth will be driven by rising demand from various end-use segments. Demand for dye products such as printing ink and increase in end-user preference for environment-friendly products is likely to drive growth push demand for NCB for use in dyes in the forecast period. Additionally, crop protection measures of various governments and organisations leading to weed management programmes is anticipated to positively influence the demand for NCB for pesticides over the coming years.

In terms of regional growth, Asia Pacific is expected to lead NCB growth during the forecast period, with growth coming mainly from countries like India and China, due to positive agriculture industry outlook in the region, coupled with rapid growth in pharmaceuticals, pesticides dyes, rubber and chemical industries.

In particular, the Indian market is expected to witness rapid growth in the next five years. Construction industry growth in India is expected to augment the demand for paints and coatings. As a result, paints and coatings industry is expected to witness growth and fuel NCB market demand in the near future. Further, NCB finds wide application in pharmaceuticals as well as rubber chemicals. Since globally, tyre manufacturers are moving to India, tyre manufacturing is expected to grow significantly, thus boosting demand for rubber chemicals. Overall NCB offtake in India is expected to grow at 10-12% CAGR during the next 5 years.

Global NCB market growth trajectory ($ million)



Source: Zion Market Research

Competitive landscape in global NCB market

Total NCB production in calendar year 2018 estimated at 322 ktpa. Cumulatively 5-6 major players cater to as much as 65% of the market. In terms of production, Aarti industries of India was the frontrunner with the largest production of NCB. It is the only company in India which has integrated operations in benzene and toluene based derivatives. Other major producers include Dupont (USA), Lanxess (Germany) and certain Chinese players.

Source: Zion market research

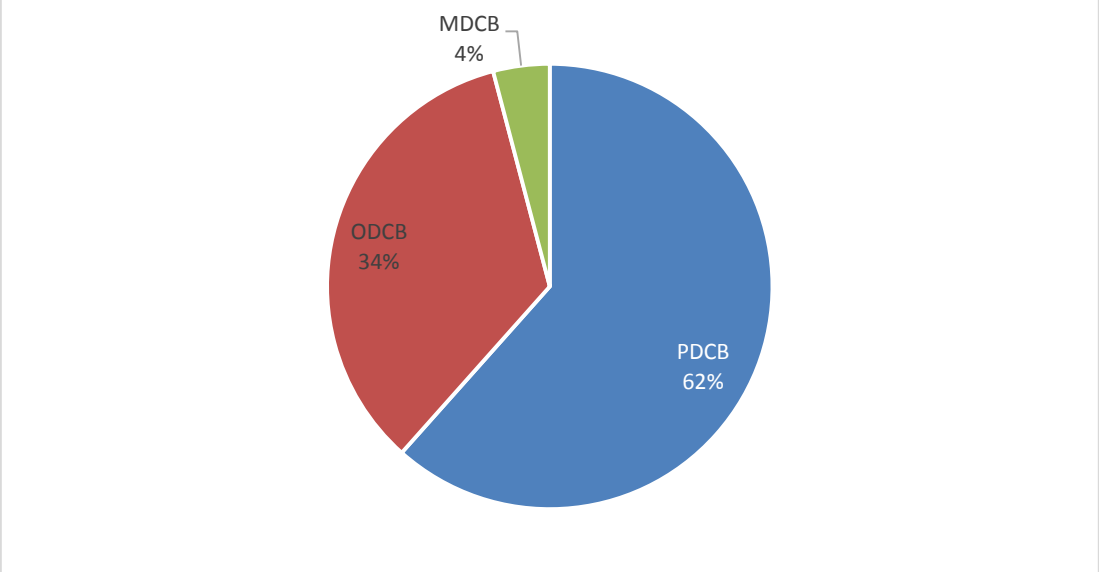
Dichlorobenzene (DCB)

Overview of global DCB market

Chlorination of benzene results in formation of three basic products- mono chlorobenzene (MCB), di chlorobenzene (DCB), and Tri chlorobenzene (TCB).

DCB refers to any of, or a mixture of, three isomers consisting of benzene in which two of the hydrogen atoms are replaced by chlorine atoms. It has three isomeric forms: ortho, meta, and para-dichlorobenzene. Para-dichlorobenzene accounted for the largest market share of global DCB market in 2018.

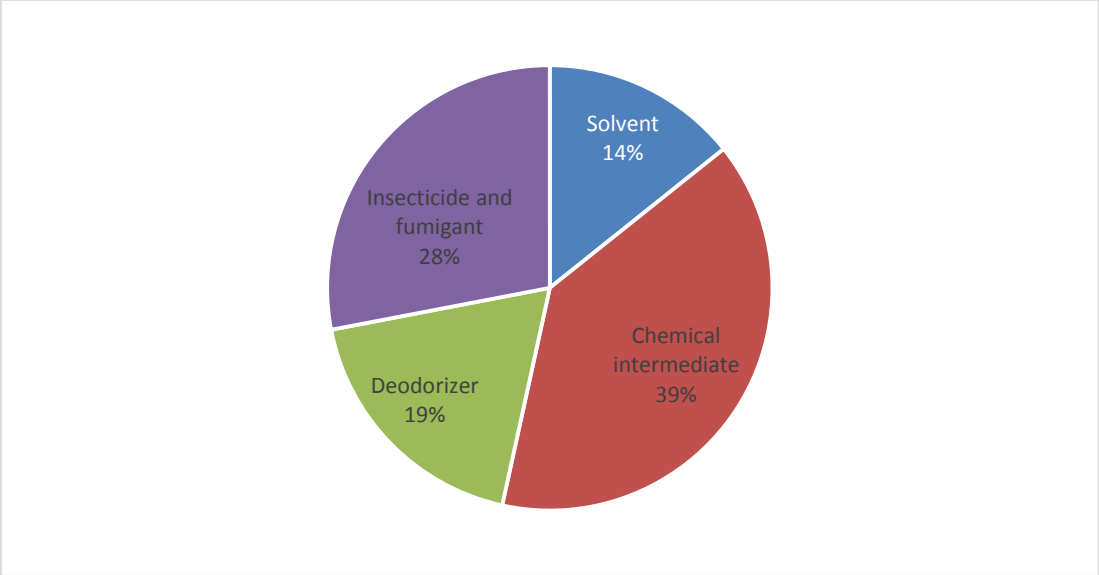
Global DCB market by type



Source: Zion Market Research

DCB finds significant application in agrochemicals and intermediates to other chemical products, solvents and deodorizers. Its overall market is estimated to be ~454 kilo tonnes in 2018, primarily dominated by chemical intermediates.

DCB Market by application

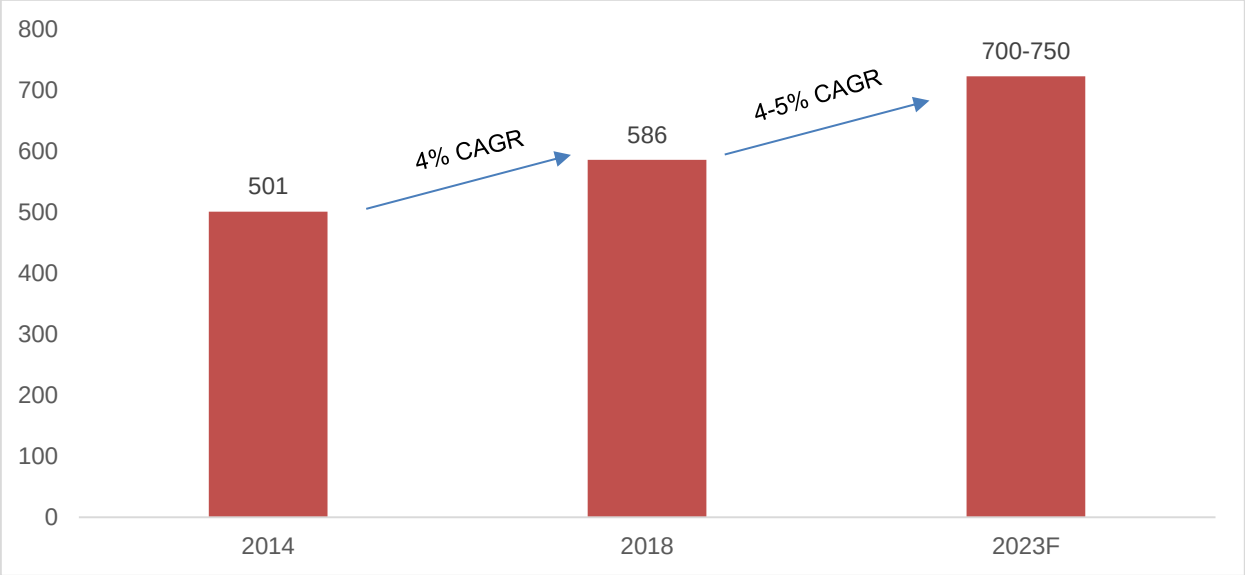


Source: Zion Market Research

Overall DCB market grew at 4% CAGR between 2014 and 2018. Market revenue in 2018 is estimated to be $586 million. DCB Market is expected to grow at a 4-5% CAGR between 2019 and 2023 driven by rising application from solvents and agrochemicals industry.

- The rapid expansion of end-use application industries such as printing inks, coatings & paints, and sealants & adhesives is estimated to enhance the demand for solvents in the coming years. This, in turn, is estimated to offer prospective opportunities for DCB market during the forecast period in solvents manufacturing.
- Chemical intermediates are produced through synthetic process. The increasing usage of chemical intermediates in industries such as petrochemicals, paints, pharmaceuticals, agrochemicals, dyes, etc. is estimated to enhance its demand in coming years. Rapidly evolving petrochemical industry is driving the demand for chemical intermediates across the globe. This, in turn, is anticipated to boost the growth of the dichlorobenzene market during the forecast period.
    - In particular, DCB has a large prospective market in the manufacture of dicamba herbicide, used in the production of crops like corn, soyabean, cotton, etc. Global dicamba market is expected to grow at 7-8% per annum mainly due to growing demand for herbicides and advancements in agricultural technologies. North American region is expected to witness maximum growth. Further, emerging economies such as Brazil, Argentina, China, and India offer several untapped opportunities. Thus DCB manufacturers have significant potential to cater to the export market.
- Additionally, better and modern agricultural practices in order to improve the quality and quantity of agricultural produce that will meet the needs of growing population across the globe is driving the demand for fumigants and insecticides. Farmers across developed countries are increasingly inclining towards insecticides and other pesticides for advanced farming. This, in turn, is estimated to boost the growth of the insecticides and pesticides and therefore DCB in the coming years.

Global DCB market growth trajectory ($ million)



Source: Zion market research

Competitive landscape in global DCB market

Overall DCB production stood at ~454 kilo tonnes in 2018. Aarti industries contributed to ~10% of the total production at ~40 ktpa ranking 3rd globally. In India, Aarti industries is a leading player in production of DCB with no other large manufacturers.

Source: Zion market research

Other products/processes

Apart from chlorination and nitration, benzene is utilized to develop derivatives through amonolysis, hydrogenation and Halex chemistry. These derivatives constitute value added products like anilines (through hydrogenation), Nitro Fluoro Aromatics via Halex chemistry, and PDA value chain as showcased above.

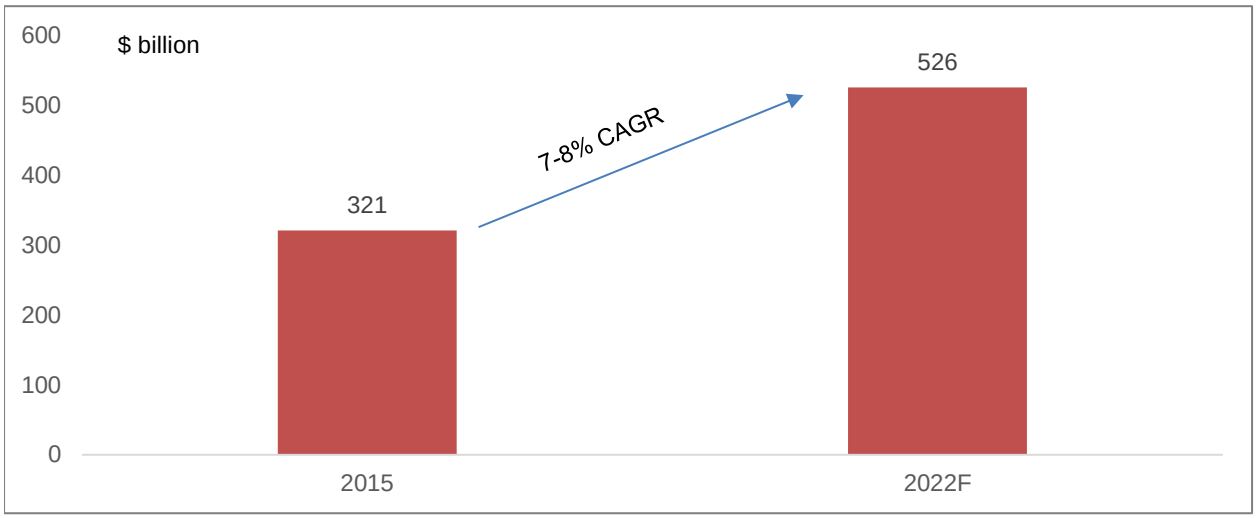
Aarti Industries is a leading player in the Indian market for the above processes. In fact, it is the only indian manufacturer of Nitro Fluoro Aromatics via Halex chemistry, and PDA value chain. These products have significant growth potential, particularly in the export market.

Global Dicamba Market

Dicamba is a benzoic acid herbicide that is applied to soil, plants, or leaves. It is primarily applied to control broad-leaved weeds. Dicamba is white to brown crystalline solid, having a variety of salt and acid formulations. It is commercially available in forms such as powders, granules, liquids, and liquid concentrates.

Global dicamba market was sized at $321.5 billion in 2015. Market is expected to grow at 7-8% CAGR between 2015 and 2022. The market is still at a developing phase and growth projection is high due to factors such as increasing demand for food security by the growing population and advancements in farming practices & techniques. Crop protection chemicals such as herbicides are widely used for destroying harmful weeds that affect crop yield. The shrinking arable land, adoption of new technology, and the increasing willingness of farmers to spend more for higher productivity are some important factors that contribute to the increasing demand for dicamba herbicide.

Dicamba market growth trajectory

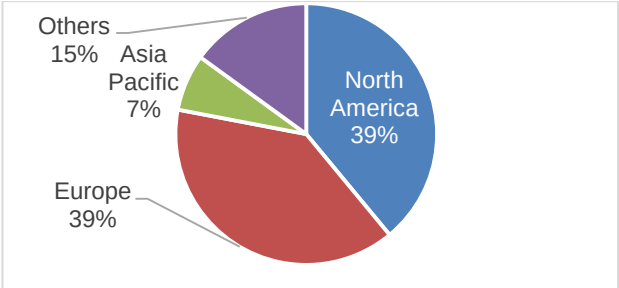


Source: Market and Markets

As of 2015, it was observed that the dicamba herbicide market in the North America, and European regions were in the growth stage. The market in the Asia-Pacific and RoW regions is still in the introduction phase.

Europe accounted for the largest share in the global dicamba herbicide market in 2015, followed by North America. The market is projected to grow at a higher rate in the North American region owing to growing demand for herbicides to reduce crop losses and advancements in agricultural technology. Further, Emerging economies such as Brazil, Argentina, China, and India offer several untapped opportunities.

Global Dicamba market by region (2015), Region-wise expected growth

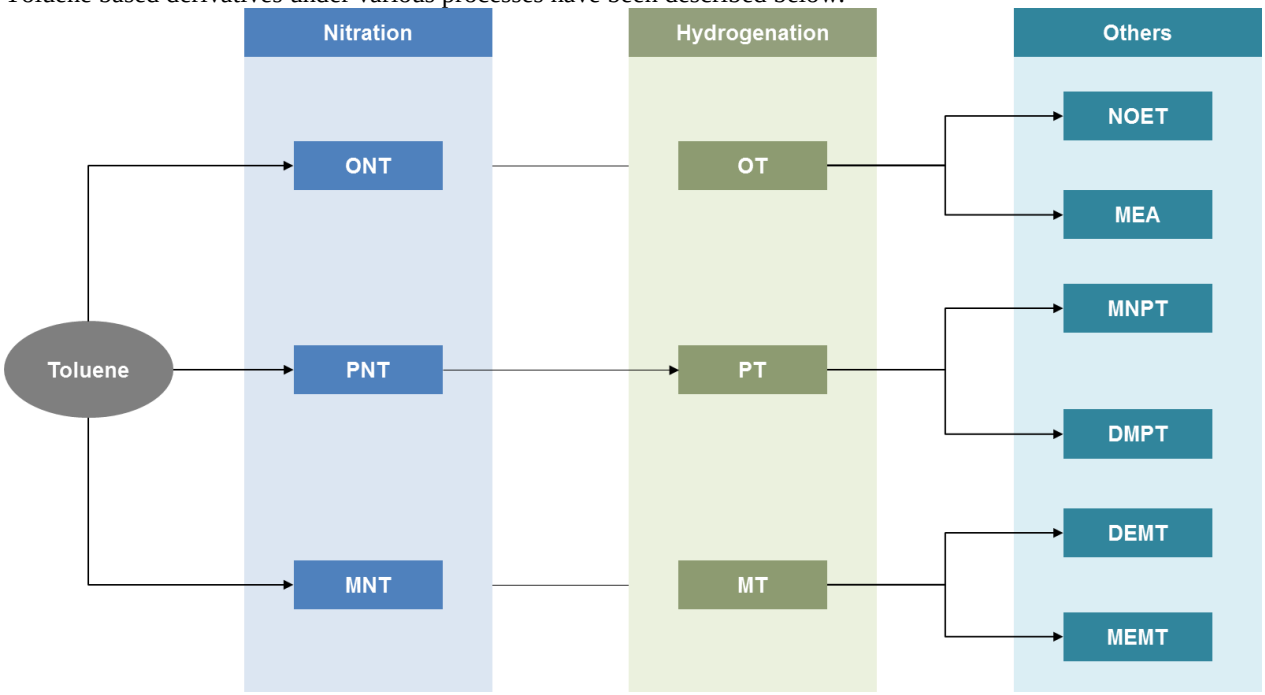


Region	Expected CAGR%
North America	10-11%
Europe	3-4%
Asia Pacific	3-4%
Others	6-7%
Overall	7-8%

Source: Market and markets

Toluene derivatives value chain

Toluene based derivatives under various processes have been described below:

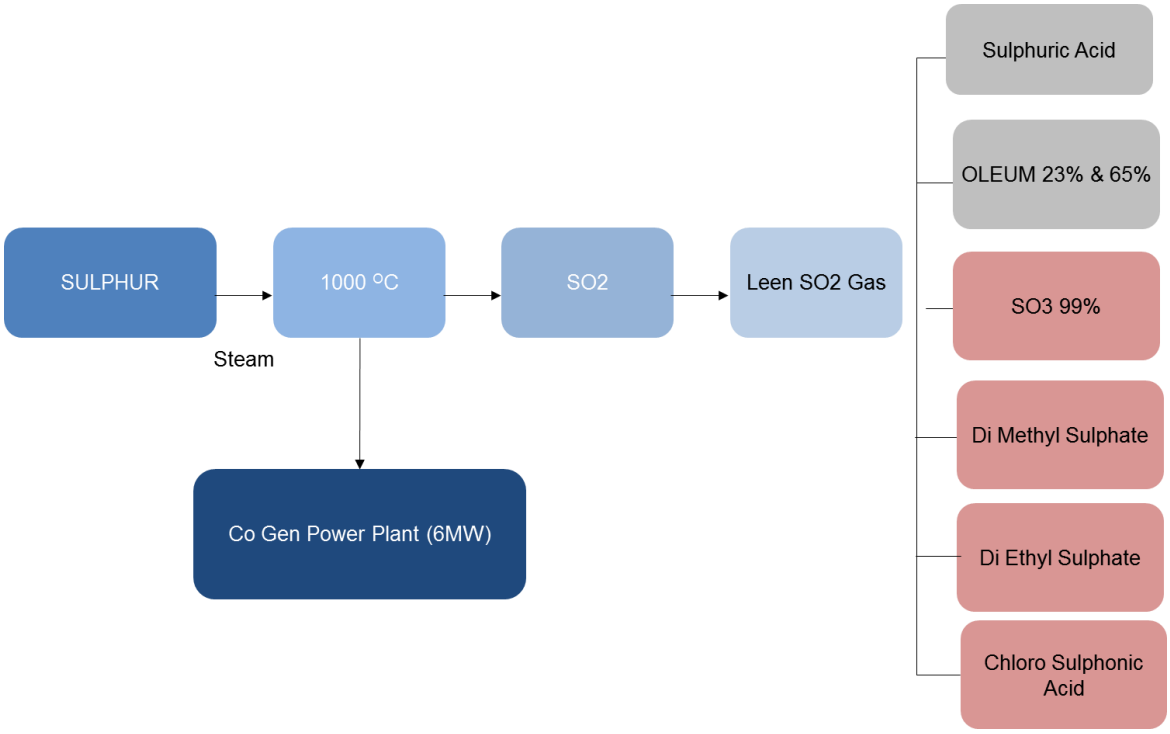


Source: Industry, CRISIL Research

Toluene derivatives have significant demand in the Indian as well as global market. Aarti industries and Deepak nitrite are the only major manufacturers of toluene based derivatives in India. Nitro toluene is used for manufacturing intermediates that is used in the manufacture of colorants, rubber production, pharmaceuticals, explosives, dyes and agrochemicals. These end-use industries have significant growth potential going forward

A large part of the domestic demand is met through imports. Thus, significant potential exists for domestic manufacturers with rising demand for toluene derivatives in India. Players also have significant opportunity for substitution of imports with domestic production. In India, Aarti Industries, and Deepak Nitrite are the major players involved in production of toluene based derivatives. Aarti Industries recently commissioned its toluene nitration unit with a capacity of 30 KTPA in the third quarter of fiscal 2018. The company also commissioned an ethylation facility in September 2016 at Dahej with a total capacity of ~10 ktpa and is the only player in this process in India.

Sulphuric acid value chain



Source: Industry, CRISIL Research

Pharmaceuticals

Overview of the pharmaceuticals sector

As per the National Account Statistics published by the Ministry of Statistics and Programme Implementation (MoSPI), the value added by the pharmaceuticals sector clocked 9% CAGR, from Rs 0.9 trillion to Rs 1.3 trillion, between fiscals 2012 and 2016. The share of value added by the pharmaceuticals sector in manufacturing GVA (gross value added) remained at 6-7% during the same period, while the share of value added by the pharmaceuticals sector in total GVA remained at ~1% during the same period.

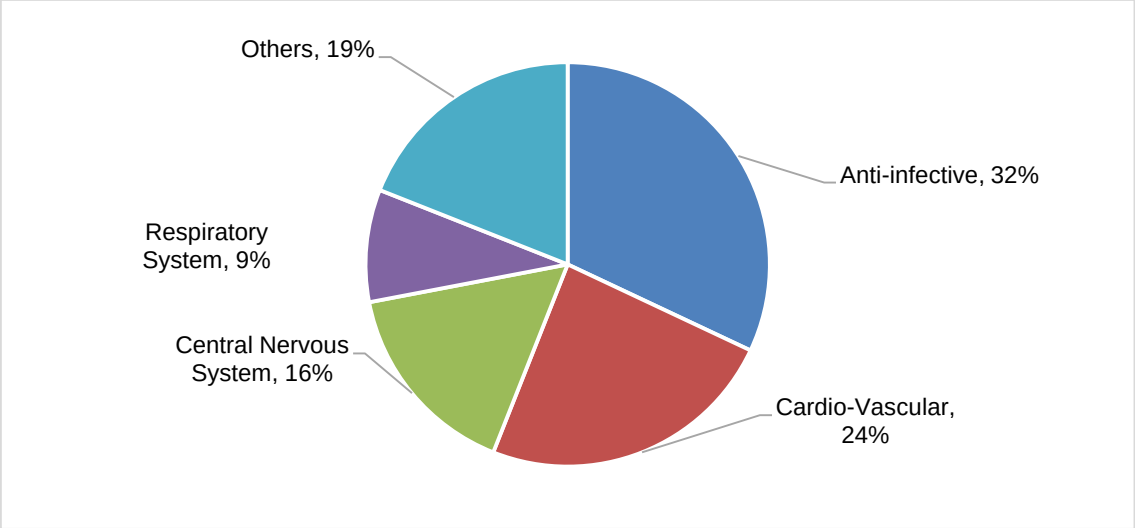
The pharmaceuticals sector is a non-cyclical industry, which comprises formulations, bulk drugs and chemicals/intermediates.

Pharmaceutical intermediates: An API/bulk drug is generally synthesised through complex step-wise chemical reactions. The intermediates are chemical compounds a few steps away from stable APIs. The intermediates are key building blocks for APIs. As per Pharmexcil2, intermediates are used as raw materials for the production of bulk drugs, which are either sold directly or retained by companies for the production of formulations.

These intermediates are generally organic compounds, often manufactured from specialty chemicals through specific chemical processes, and then used in the synthesis of different API classes, such as antibiotics, sulpha drugs, vitamins, steroids, and analgesics, etc.

Bulk drugs or APIs: These are the main constituents of formulations, which have desired pharmaceutical property. These serve as the main raw materials for formulations. Players manufacturing APIs supply to formulations players, who, in turn, sell the final dosage forms that can contain one or more APIs.

The API industry can be divided on the basis of their application in therapeutic drugs, as follows:



Source: India API market outlook, ASSOCHAM. Break-up as of FY16

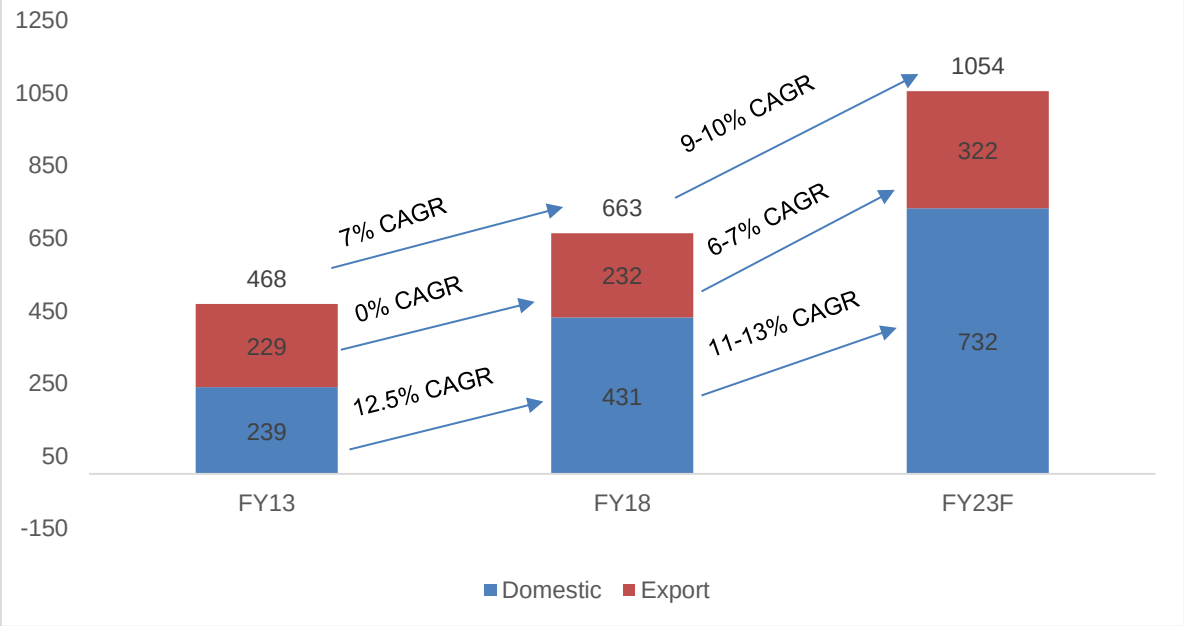
Formulations: Final medicines are sold in dosage forms of capsules, tablets, injectable, etc. These formulations are manufactured by combining one or more APIs, together with excipients, that serve as inert masking, binding or carrier substances. The dosage forms are chosen as per requirements.

The domestic pharmaceuticals market is expected to witness an overall growth of 12-13% CAGR between fiscals 2018 and 2023, led by the chronic segment due to price regulations and ban on fixed drug combinations. Additionally, patent expiries and growing demand for generics in regulated markets are expected to fuel growth.

Overview of the API industry in India

The overall bulk drugs market, including domestic consumption and exports, clocked ~6% CAGR during fiscals 2013 and 2018. Domestic consumption grew at a faster 8.7%, while the exports market was stagnant due to patent cliffs and competition from Chinese players.

Overall API market trend (Rs billion)



Source: CRISIL Research Note: exchange rate for FY 23 has been assumed at Rs 70 per USD; Growth rate might differ from the subsequent figure for exports due to the impact of exchange rate movement

Bulk drug exports to pick up over next five years

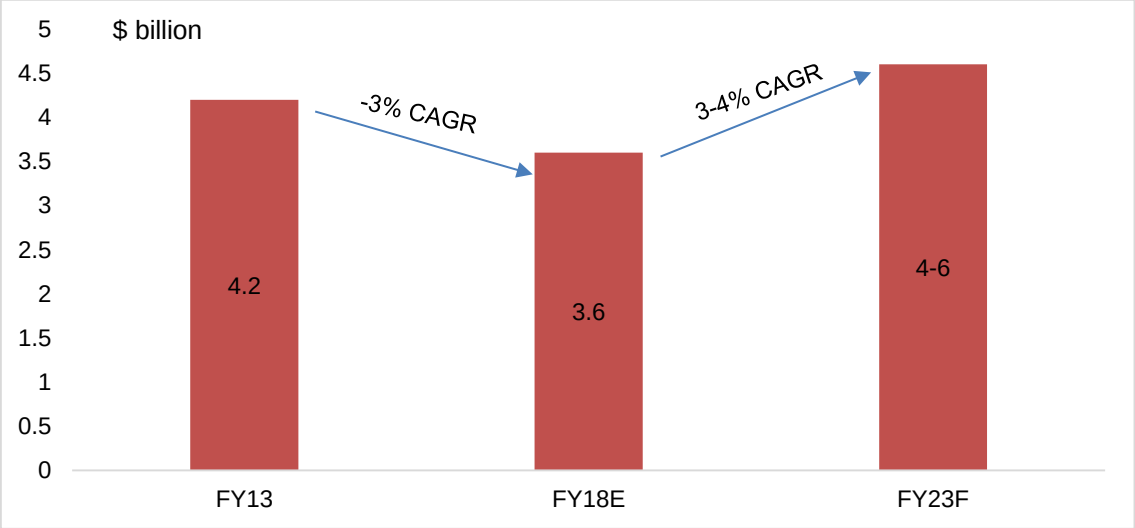
After recording ~7% CAGR from fiscal 2008 to 2013, bulk drug exports declined substantially from fiscal 2013 to 2018, owing to competition from China and other Asian countries. Traditionally, the Indian pharmaceuticals market has been a major exports hub for bulk drugs, owing to low manufacturing costs. However, with the growing capabilities of Chinese players in the bulk drugs space, as well as the significantly lower production costs enjoyed by Chinese players vis-à-vis their peers, Indian bulk drug players have lost market share in the global bulk trade over the last five years.

Further, on account of a patent cliff period from 2012 to 2014, many players who used to manufacture key patent molecules for innovators recorded a substantial decline in revenue. Therefore, overall bulk drug exports de-grew from fiscal 2013 to 2018. However, players subsequently climbed up the value chain and started manufacturing formulations. Therefore, they were able to offset the overall loss in revenue. As a result, the share of bulk drugs in overall pharmaceutical exports dropped from 30% in fiscal 2013 to 20% in fiscal 2018.

Going forward, the pricing pressure on formulations players will continue to impact the growth of bulk drug players. However, the transition of Indian players towards the specialty segment and their higher capabilities vis-à-vis their Chinese counterparts in high-value API will aid growth. Chinese players have been forced to shift their plants inland and outside the cities as their government continues crackdown on polluting industries. As a result, with rising cost of production for Chinese players, there is great opportunity for Indian API manufacturers to take over some of Chinese exports. Consequently, growth is expected to recover to 3-4% CAGR over the next five years, as players focus on niche molecules and specialty segments.

Growth will be supported by the increasing focus of Indian players in the specialty products segment, where competition is comparatively low. However, in the traditional segment, competition from China will continue to exert pressure on pricing for Indian players.

Bulk drugs exports trend

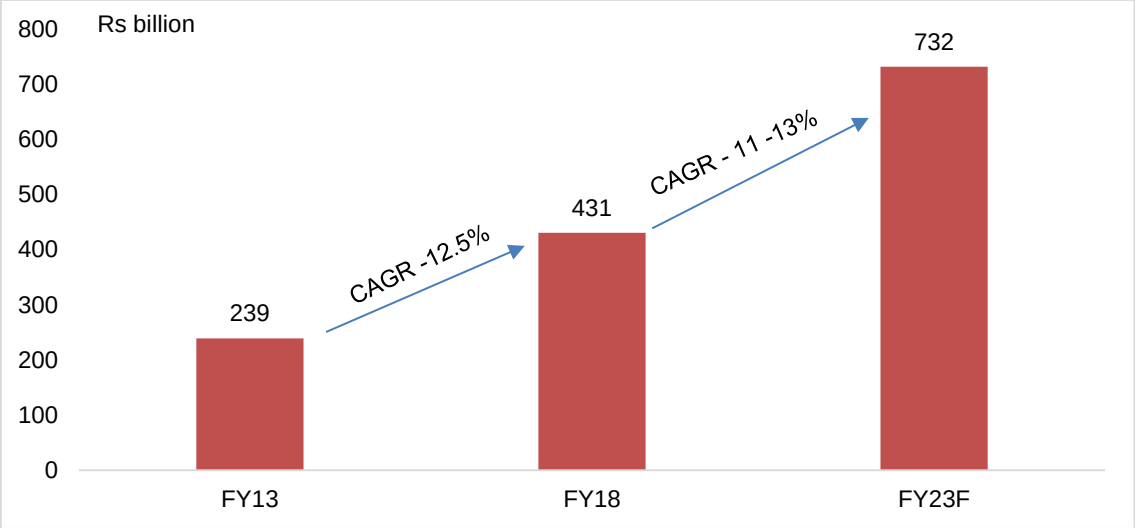


Source: DGFT, CRISIL Research

Bulk drug production by domestic formulators to continue to record robust growth

On the domestic front, bulk drug production for captive consumption is likely to continue to record strong growth. Supported by strong domestic sales, domestic bulk drug manufacturers are expected to continue to register double-digit growth.

Bulk drugs – Domestic production



Source: CRISIL Research

Bulk drug imports in India have been stagnant over the past two to three years. Imports fell by ~14% on-year in fiscal 2017 as the government withdrew customs duty exemption on over 50 bulk drugs in January 2016. However, India's imports from China have been increasing over the past five years due to the low-cost advantage enjoyed by Chinese players. Lower power costs in China help reduce the overall production cost for bulk drugs, helping Chinese players achieve economies of scale.

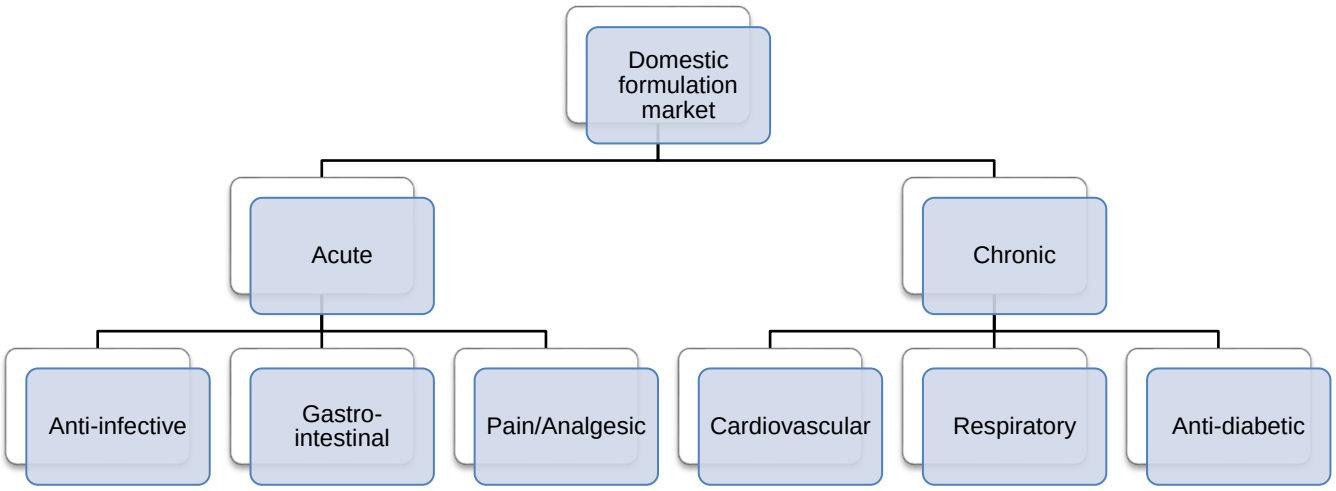
Increasing dependence on Chinese imports is a concern for the domestic pharmaceuticals industry. Therefore, the government is taking steps to increase domestic bulk drug production by proposing the setting up of new bulk drug parks in the country. Though none of the projects/ parks have been commissioned yet, the government's stance is likely to aid the domestic bulk drugs industry in the long run.

Overview of domestic pharmaceutical formulations industry

Diseases are characterised as acute and chronic ailments:

- Acute ailments like common cold, fever, etc., are characterised by sudden, severe exposure and rapid spread of the disease. The patient shows intense symptoms for a brief duration (not longer than 30 days). However, some acute ailments may turn chronic if left unaddressed
- Chronic ailments are characterised by repeated exposures over a prolonged period. These can only be alleviated through treatment, but not fully cured. Unlike acute ailments, these do not usually resolve on their own accord. Examples include diabetes, asthma, blood pressure and cancer

Classification of key therapeutic categories under chronic and acute segments



Source: CRISIL Research

Owing to the relatively poor sanitation facilities, particularly in rural regions, India has a greater share of acute diseases than chronic diseases, as compared with developed countries. Thus, drugs addressing acute diseases dominate the domestic market, 60-65% of drugs sold are used to treat acute diseases. However, with rising urbanisation, share of chronic and lifestyle related ailments is rising.

Domestic formulation sales record strong growth

The domestic pharmaceuticals industry, which expanded 10.2% on-year in fiscal 2017 to ~Rs 1,100 billion, grew at a higher 11.5% on-year in fiscal 2018. While prices of nearly 75 drugs were capped by the National Pharmaceutical Pricing Authority in the previous fiscal, however, new product launches and volume growth in the chronic segment partially offset the impact of pricing pressure. Demonetisation also did not have a substantial impact on the industry as pharmacists were allowed to take old notes for an extended period.

In line with the broad industry growth trajectory, aggregate domestic growth for the key 20 companies (accounting for ~65% share of the domestic market) was ~10% on-year. The key five players, though, slightly outperformed the industry growth rate, rising 11% on-year. Among therapeutic drug categories, chronic drug segments such as anti-diabetic, cardiovascular and respiratory were key drivers, while dermatology and gastrointestinal drugs (acute segment) also saw steady growth in sales.

Domestic formulation industry – highly fragmented

Over 1,00,000 drugs across various therapeutic categories are produced annually in India. The domestic formulations industry is highly fragmented in terms of both number of manufacturers and products. There are 300-400 organised players and about 15,000 unorganised players. However, organised players dominate the market in terms of sales. The key 10 formulations companies account for 40-45 % of total sales.

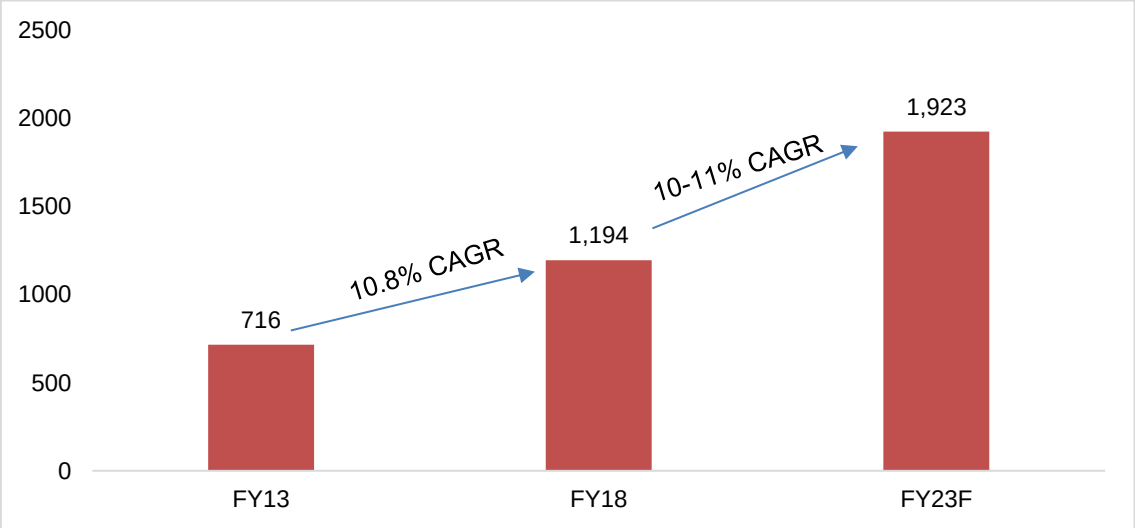
Manufacturing bases are concentrated in a few states, with Indian pharma companies largely operating from Maharashtra, Gujarat and Andhra Pradesh. However, after the government imposed an MRP-based excise duty system in 2005, many players shifted their manufacturing bases to excise-free zones such as Baddi (Himachal Pradesh), Haridwar (Uttaranchal) and Sikkim.

Volume and new launches to buoy growth in the formulations industry
New product launches and volume growth in the chronic segment partially offset the impact of pricing pressure in the previous fiscal. In fiscal 2018, too, we expect product launches and volume pick-up to keep the growth rate near double digits. Companies are estimated to have increased their domestic marketing focus by increasing sales efforts and consolidating their focus on a few key therapeutic areas.

A further rise will be restricted because of the expected constant revision of the National List of Essential Medicines (NLEM). As a result, as of fiscal 2017, NLEM drugs accounted for ~16% of the domestic market. Of these, a substantial share is that of high-value chronics in cancer, HIV/AIDS, cardiology and hepatitis C. Further, the ban on fixed-dose drug combinations - announced in March 2016 - affected 3-4% of the market. Although there is a stay on the order by multiple high courts, uncertainty regarding the final verdict has reduced the demand for drugs across the distribution channel, impacting the domestic pharmaceutical industry's growth by another 50-70 bps in fiscal 2017.

CRISIL Research projects formulations to post a 10-11% CAGR during fiscals 2018 to 2023, which is likely to take the market size to close to Rs 2 trillion by fiscal 2023. Demand growth would largely mirror the trend in the domestic macroeconomic scenario. There is a considerable headroom for industry growth. As per the World Health Organization (WHO) data, India's per-capita expenditure on health – close to $75 in 2014 – was the lowest among developing countries and, therefore, represents a significant potential.

Formulations industry – growth outlook (Rs billion)



Source: CRISIL Research

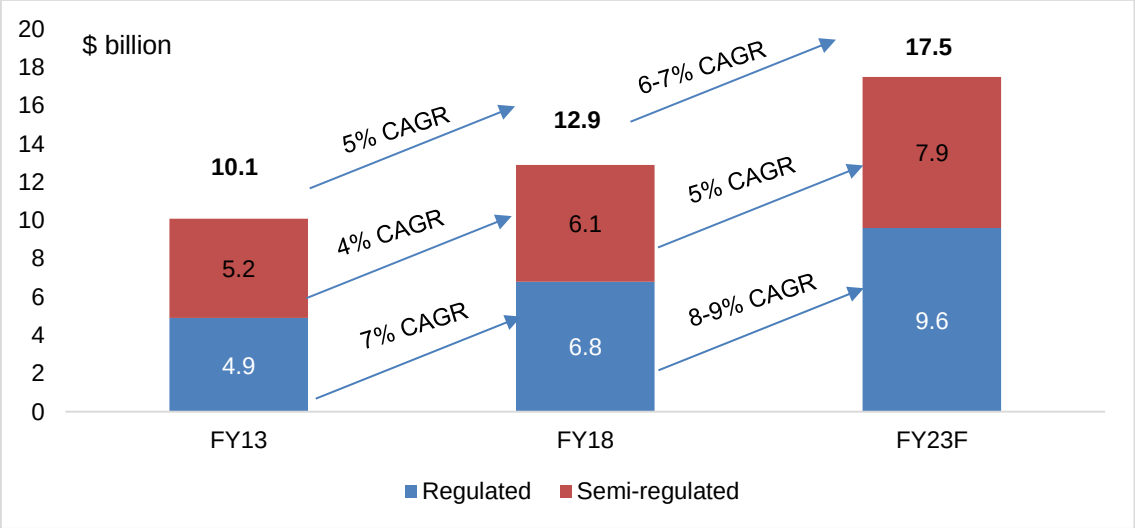
The sector will also see higher demand from the rising incidence of lifestyle-related diseases, and better healthcare, diagnostic and hospital infrastructure, which have helped improve the disease-detection rate. In fact, the number of operations in India rose 19% CAGR over five years to fiscal 2016.

Drugs for chronic disease care, meant to treat many non-communicable diseases, are seeing high growth rate, primarily because of the growth in the urban population, better awareness on healthcare and greater services penetration.

An overview of the formulation exports industry

CRISIL Research expects India's exports to continue to grow at 6.5-7.0% CAGR during fiscals 2018 to 2023, compared with ~5% CAGR during previous five fiscal years. With continuous pricing pressure in the US and Europe markets, growth would be specific to players launching complex drugs and getting para IV approvals.

Incremental revenue for formulation exports would be majorly supported by new launches in the conventional generics segment over the next five years. Additionally, even if the pricing pressure persists, it is expected to slow down after fiscal 2019 to low-single digits, which would aid the base business.
Exports – formulations



Source: CRISIL Research

An overview of the CRAMS industry

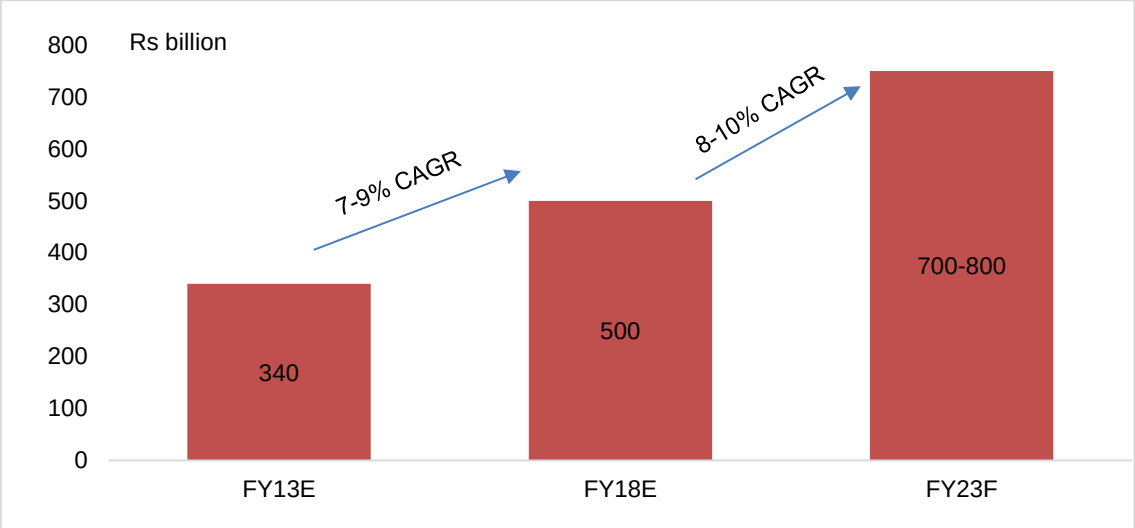
CRAMS is defined as the process of outsourcing research services/product-manufacturing activities to organisations that can provide the service at a low cost. CRAMS basically consists of the following two activities: contract research and contract manufacturing. CRAMS is mainly used in the pharmaceutical and biotechnology sectors that require extensive R&D and large-scale manufacturing facilities.

Indian CRAMS companies is among the preferred destinations for global pharmaceutical companies, due to its low cost compared with developed economies. Their product mix comprises high-end research services, biologics, and complex technology services. Contract manufacturing (CM) accounts for over 60% of the total CRAMS industry. CM refers to outsourcing of production activities to third-party vendors. Contract manufacturing has picked up in India because of the huge availability of skilled personnel, lower production costs and a large number of WHO-GMP certified plants. Demand usually comes for the manufacture of bulk drugs, formulations and bio-pharmaceuticals (especially vaccines). Further, some larger players are also involved in contract manufacturing of intermediaries for global innovator players. Contract manufacturing is a highly fragmented industry, with a large number of small and medium manufacturers and few large manufacturers. Most contract manufacturing organisations (CMOs) cater to the domestic industry and exports to semi-regulated markets. Contract manufacturing for regulated markets accounts for a smaller portion, because of the stringent regulations.

The domestic contract manufacturing market is estimated at ~Rs 500 billion as of fiscal 2018 and has grown at a 7-9% CAGR during fiscals 2013 to 2018, aided by growth of the formulations sector.

Demand is likely to be healthy, growing at an 8-10% CAGR between fiscals 2018 and 2023, as new product launches and volume growth in the chronic segment support growth of the domestic formulations industry. Semi-regulated markets are chiefly driven by the use of low-cost generic medicines. Further, these markets are characterised by increasing healthcare awareness, rising consumer income and a large base of patients in the acute and chronic-disease segments, backed by a huge population. We believe that a low-cost base, well-developed API industry (and process chemistry skills) and similarity in disease profiles (between India and these markets) will improve the penetration of Indian drugs in these markets. As a result of this, CMOs in India are expected to witness a strong upsurge in demand for exports to these markets. Additionally, established relationships with customers and long-term contracts with them ensures demand stability for CMOs. Supply is not a constraint for the domestic industry, as setting up a formulations plant is not capital-intensive and the gestation period is also low. As India boasts of a well-developed domestic industry with a large number of players, imports comprise only around 7% of total formulation sales.

Contract manufacturing market growth trajectory



Source: CRISIL Research

SH&E norms from the perspective of chemical industries

Based on the directive principles of state policy and international instruments, the Central government regulates economic activities for the management of safety and health risks at work places and provides measures to ensure safe and healthy working conditions for people. In this respect, particularly for the chemicals sector, the government has made it necessary for chemical companies to follow certain rules while setting up and operating a chemical plant. These rules include the minimum requirements to maintain health and safety standards in a working environment.

In addition to the mandatory rules and standards, companies can acquire certifications by investing in SH&E practices and achieving the minimum requirements of these certifications. Some of these certifications are:

ISO 9001-2008: ISO 9001:2008 specifies requirements for a quality management system, where an organisation:

- needs to demonstrate its ability to consistently provide product that meets customer and applicable statutory and regulatory requirements, and
- aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

The standard can help companies meet their customers' requirements for their product/service

ISO 14001**:** The ISO 14000 family of standards provides practical tools for companies and organisations of all kinds looking to manage their environmental responsibilities. Using ISO 14001:2015 can provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved.

ISO 45001: ISO 45001 deals with occupational health and safety standards. ISO 45001:2018 is applicable to any organisation that wishes to establish, implement and maintain an OH&S management system to improve occupational health and safety, eliminate hazards and minimise OH&S risks (including system deficiencies), take advantage of OH&S opportunities, and address OH&S management system non-conformities associated with its activities. It provides a framework to improve employee safety, reduce workplace risks and create better, safer working conditions, all over the world.

Companies need to continuously make investments in SH&E activities to meet basic health and safety standards and also to maintain the quality of their products. Consumers are becoming more aware of health concerns and prefer purchasing products with certain certifications. For chemical companies, investing in SH&E is vital as not just domestic, but global buyers prefer procuring their raw material from sustainable plants.

In this respect, acquiring ranking from global benchmarks such as Eco Vadis and Together for sustainability gives them a competitive advantage, not just domestically, but also for serving export markets. These two benchmarks have been

described below:

EcoVadis: EcoVadis provides solution for monitoring sustainability in global supply chains. Using innovative technology and CSR expertise, EcoVadis aims at helping buyers and suppliers adopting more sustainable practices. The EcoVadis methodology is based on International Sustainable Development standards (ISO 26000). The assessment framework is coveting 21 CSR criteria (from CO_2 emissions to "child labour" and "business ethics"). The EcoVadis methodology is supervised by an international scientific committee and covers 150 commodities.

Together for Sustainability: Together for Sustainability (TfS) focuses on the promotion of sustainability practices in the chemical industry's supply chain, gathering 22 companies around a single standard of auditing and assessment. Since June 2012, TfS conducts assessments and audits by independent experts, as well as the early partnership with the French company, EcoVadis, which provided with sustainability scorecards and benchmarks. TfS has developed and implemented a global supplier-engagement programme that assesses sustainability-sourcing practices, including ecological and social aspects. The focus in the supply chain of the member companies seeks to reduce inefficiencies and share best practices among the members' suppliers. Moreover, TfS provides the framework for conducting assessments and audits across the chemical industry supply chain, organises workshops, and provides e-learning tools.

Amongst other players in the specialty chemicals market, Aarti industries has been significantly investing in SH&E activities. As per company reports and investor presentation,

- Between fiscals 2013 and 2018, the company invested Rs 240 crore in SH&E activities
- It has 17 plants, of which 12 are zero-discharge units as of today.
- All units of the company have implemented QMS ISO 9001-2008.
- Aarti Industries comes under the "silver" category of ratings under EcoVadis with an overall score of 48
- It has also been scored in the range of 73% to 85% for all its manufacturing units under the TFS audit.

Outlook on key end-user industries

Dyes and pigments

India's dyes-and-pigments industry is a cyclical industry, whose growth is directly linked to the country's macroeconomic growth, as the products are utilised in major end-user industries such as plastics, textiles and coatings, whose demand is directly linked with India's GDP. The domestic market size of dyes and pigments was ~$7.4 billion in fiscal 2018.

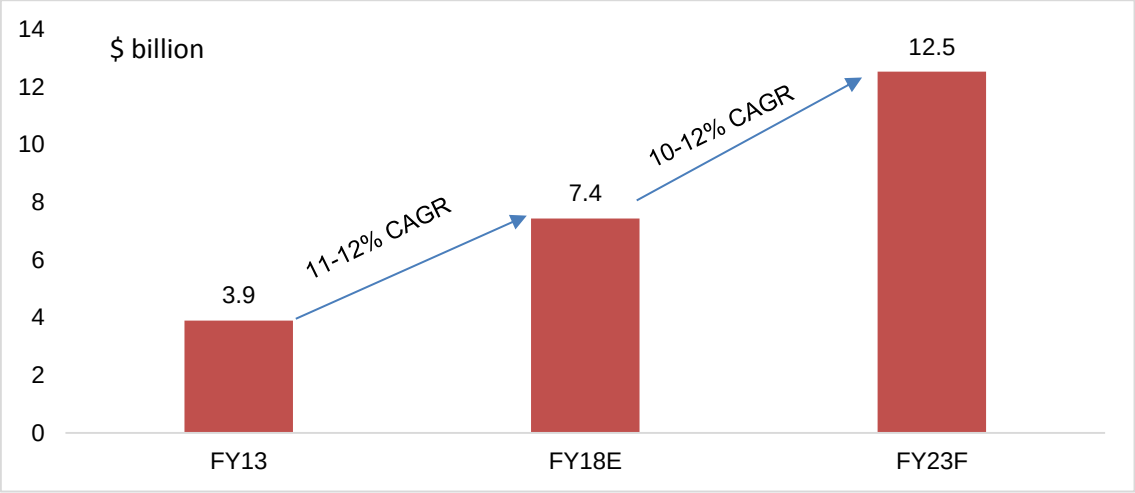
The dyestuff industry has three sub-segments: dyes, pigments and intermediates. Dyes are soluble and essentially used in textile products. Pigments, on the other hand, are insoluble and are important inputs for products such as paints. Based on product variation, the industry is further divided into basic dyes, disperse dyes, reactive dyes, sulphur dyes, vat dyes, naphthols, optical brighteners, fast colour bases, and azoacids, among others. The domestic industry has nearly 1,000-1,200 small-scale units and 50 large units for manufacturing dyes, pigments, and intermediates. The total production of the Indian dyes, dye intermediates and pigments industry is around 700,000-720,000 tonne per annum (tpa) as of fiscal 2018. Maharashtra and Gujarat account for around 80-85% of the country's total production of dyestuff. The dyestuff industry has forward and backward linkages with a number of industries. Some of the major industries that use dyes are textiles, leather, paper, printing inks, and food processing. In fact, the textiles and leather processing industries account for around 85% of the total domestic consumption.

The industry enjoys benefits of a large market, availability of key inputs, technology, and competitiveness in the exports market. However, the highly fragmented nature of the industry has given rise to intense competition. The unorganised sector accounts for around 60-65% of the total production of this industry in terms of volume.

India's dyes and pigments market grew at ~11-12% CAGR between fiscals 2013 and 2018, driven by rising demand from the textiles industry. Growth was also driven by rising realisation and a surge in exports.

Domestic consumption accounts for 25-30% of the total dyes and pigments production, while exports account for the rest. Exports for fiscal 2017 were 500,000–520,000 tonne, out of a total production of 700,000–720,000 tonne.

Dyes and pigments market growth trajectory

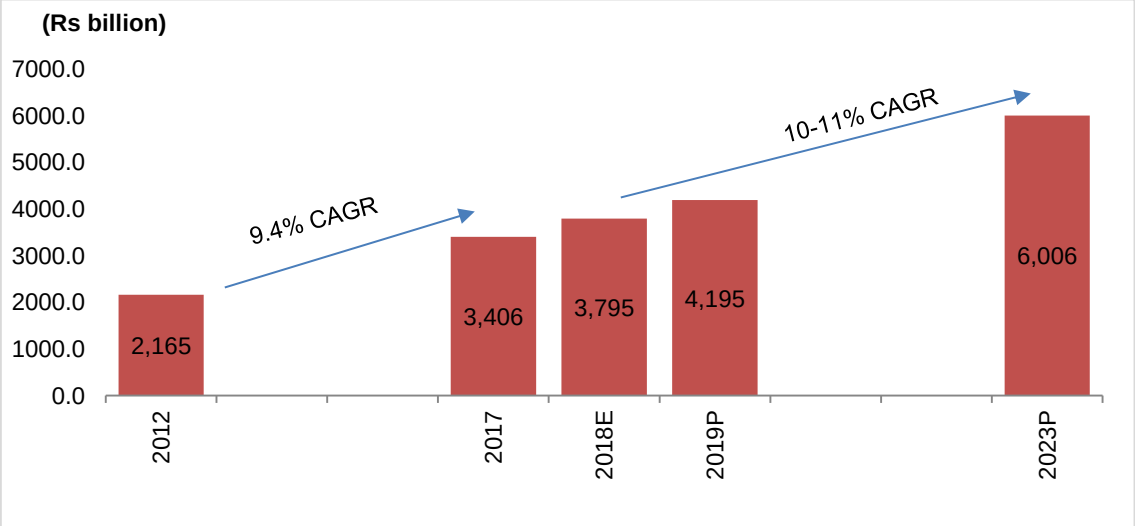


Source: CRISIL Research

Overall dyes and pigments industry in India is expected to grow at a 10-12% CAGR between fiscals 2018 and 2023, reaching ~$12.5 billion. Domestic demand growth would be driven by growth in the textiles sector, which is the major market for the dyes and pigments industry. Indian textiles market (RMG) is expected to witness a growth of 10-11% CAGR over the next five years, driven by favourable demographics, increasing branded purchase and rising per-capita income.

Exports of dyes and pigments are expected to improve because of rising demand from the developed countries, as their local units shut down due to environmental issues. Global demand for dyes and organic pigments is expected to grow at a 3-5% CAGR over the next 5 years. The organic-pigments market is expected to witness growth because of its use in various end-user industries, such as printing inks, paints and coatings, rubber and textiles. Urbanisation, coupled with a rise in infrastructure spending, is likely to boost the paints market which, in turn, will increase the consumption of pigments.

Textiles industry growth trajectory



Source: CRISIL Research

Polymers

The polymer industry is directly proportional to economic growth, due to its application in industries such as construction and automobiles, which follow a normal business cycle. The domestic polymer industry is driven by demand for plastics, which is further driven by demand from major end-user industries, such as automotives, construction, electronics,

healthcare, textiles and FMCG. Polymers comprise of polyethylene (PE), polypropylene (PP), polyvinyl chloride (PVC) and polystyrene (PS). Total polymer demand in India as of fiscal 2018 was at ~13.4 ktpa, with PE forming ~38% of demand.

There are three broad types of PE, such as low-density polyethylene (LDPE), high-density polyethylene (HDPE), and linear low-density polyethylene (LLDPE). Major polymers, such as PE and PP, are derived from ethylene and propylene, respectively, while other polymers, such as PVC and PS, are produced from benzene, butadiene and other feedstock.

Demand for polymers grew at a 7.8% CAGR between fiscals 2013 and 2018, because of higher economic growth, with PE contributing to the majority of demand growth

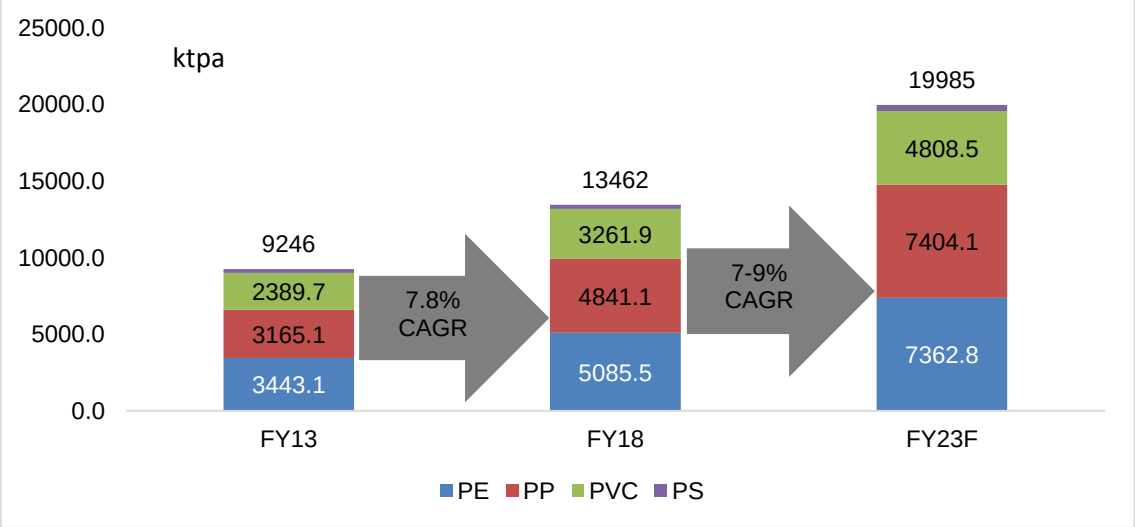
During fiscals 2013 to 2018, PE demand is estimated to have risen at an 8% CAGR, led by demand from blow-moulding, films and general-purpose packaging applications. Demand from the films segment was propelled by higher demand from the processed-foods and retail-packaging segments. However, demand from the raffia and monofilaments segments grew at a slower 3.5% CAGR, because of slow growth in the cement and fertilisers sectors, which are major end-users of raffia bags.

Source: CRISIL Research

Domestic PP demand grew at an 8.6% CAGR during fiscals 2013 to 2018, driven by strong demand from the raffia and injection-moulding segments, which together accounted for over 50% of PP offtake in fiscal 2018. These two segments expanded at a combined ~10%. Offtake from the fibre, filament and random copolymer segments was also healthy.

During fiscals 2018 to 2023, demand for polymers is expected to grow at a 7-9% CAGR, because of higher GDP growth. Wide applications in industries such as packaging, automobiles, irrigation, construction and consumer durables to support growth in demand. CRISIL Research forecasts domestic PE demand to increase at an 8-9% CAGR, as demand from major end-user segments, such as packaging, automobiles and infrastructure pick up. Polypropylene (PP) demand is expected to grow at a healthy 7-8%, aided by robust demand from all segments, especially raffia and impact copolymer. Other segments are also expected to show similar growth trends due to their linkage with macro-linked industries.

Polymer demand growth trajectory



Source: CRISIL Research

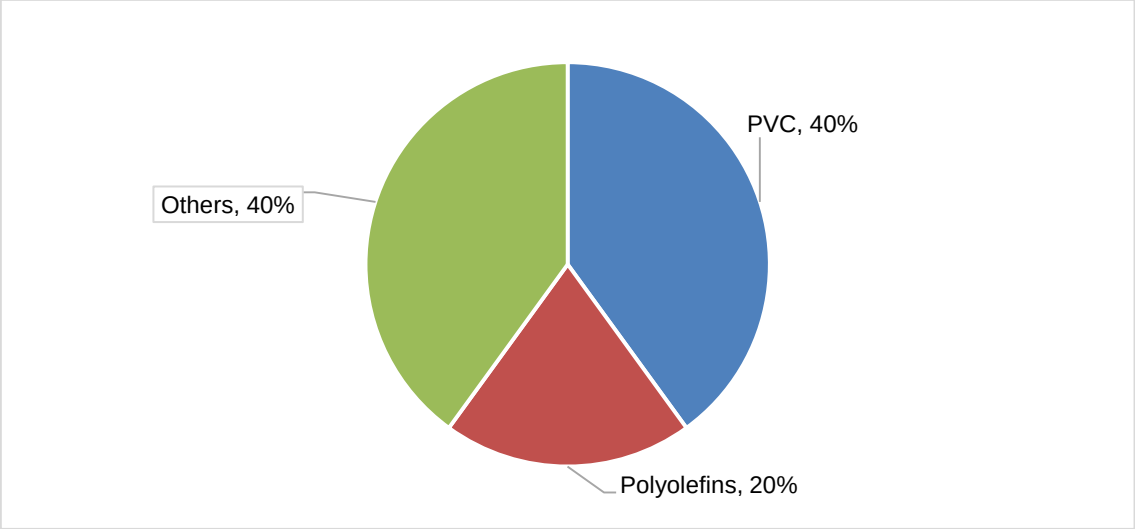
Polymer additives

Polymer additives are chemicals added to a polymer to improve its physical properties, processing ability and achieve certain desired properties. They also prevent the degradation of plastics during manufacturing and protect them against environmental damage. These also enhance physical properties of polymers such as heat and light resistance. Key end-user industries for specialty chemicals in polymer and polymer additives industry include packaging, construction, aircrafts, automobiles, cruise liners, bullet proof jackets, electronic products, etc.

Packaging, construction and automotives have been the major application industries for plastic additives, mainly due to rising demand for high-performance plastics in these industries. Innovative packaging methods demand properties such as higher durability, antifogging characteristics and fire resistance, among others. In the automotive and consumer appliance sectors, serious concerns regarding safety have promoted the use of flame retardants, in addition to other additives that enhance durability and damage resistance of plastics. PVC forms nearly 40% of the polymer additive demand, followed by polyolefin.

India's plastic additives market is highly fragmented, and is dominated by 30-35 major players with small and medium-sized players, accounting for the majority of the market share. Rising purchasing power of Indian consumers is driving the demand for aesthetic and innovative plastic products, particularly in the automotive and consumer appliance industries. The western region of the country accounts for the largest share in plastic-additives production.

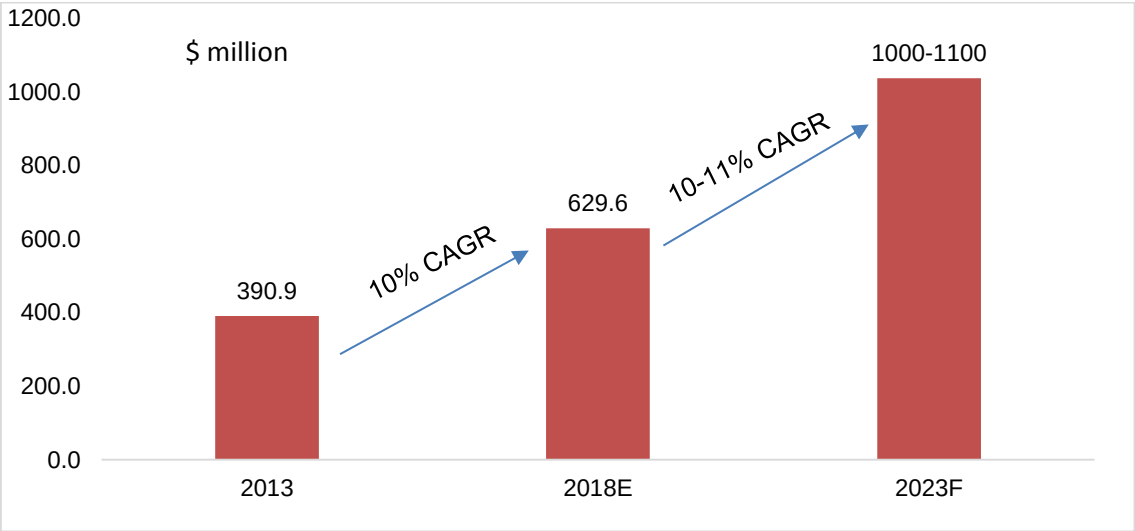
Polymer additive demand by application in 2017



Source: CRISIL Research

Pegged at $629 million in fiscal 2018, the Indian market for polymer additives is very small compared with the global market. The market has grown at a 10% CAGR over fiscals 2013 to 2018. Over the next five years, the market is expected to continue growing at a similar pace, driven by rising demand for plastics. Demand from PVC is expected to witness a ~10% CAGR growth, because of higher offtake from pipes and fittings and packaging industries. The industry, like polymers, also follows a normal business cycle, due to its application in industries, such as automobiles and construction.

Polymer additives growth trajectory



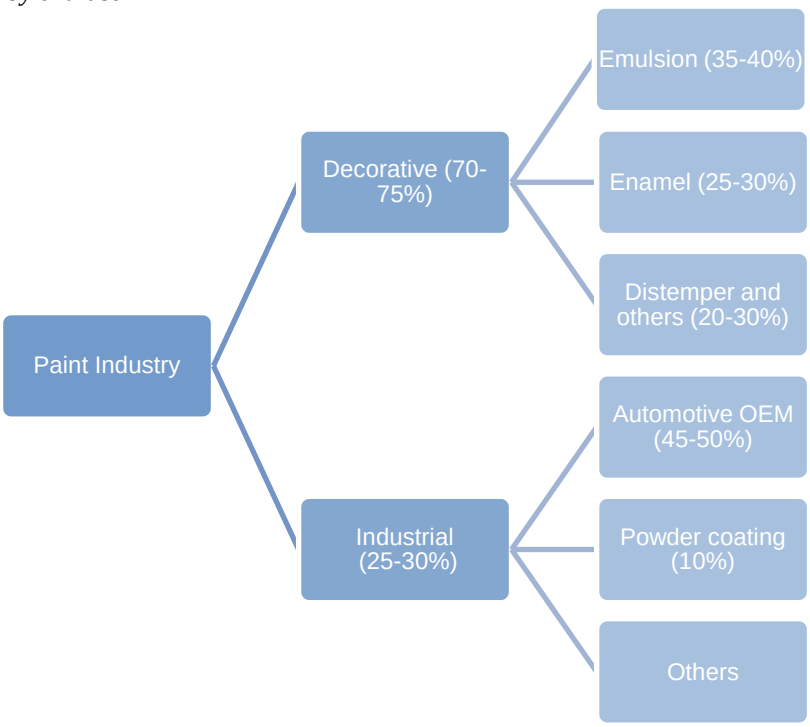
Source: CRISIL Research

Paints

The domestic paints industry, with an estimated market size of Rs 430 billion in fiscal 2018, is broadly segmented into: (1) decorative paints; and (2) industrial paints. Decorative paints find utility in the housing and construction sector and account for over 70% of the total paint market. Within this segment, repainting accounts for nearly 60-65%, while new constructions account for the rest. The decorative paints segment is sub-divided into enamels, distempers, emulsions, putty and exterior paints.

Industrial paints, on the other hand, find use in industries, such as automobiles, auto ancillaries, consumer durables, marine vessels, and industrial plant and machinery. They are categorised based on end-user applications, such as automotives, powder, performance, coil, packaging and marine coatings. Of this, the automotive segment constitutes the largest share of the market. Owing to the technology-intensive nature of end user segments in this category, manufacturers have entered into technical collaborations and joint ventures with leading international paint producers.

Paints industry by end-use



Source: CRISIL Research

Large organised players accounts for around 65-70% of the domestic paints industry (value wise), making this industry fairly organised. The remainder of the industry comprises 2,000 small players, who mainly compete in the regional markets.

Demand for paints is direct as well as derived. While the decoratives segment draws its demand directly from housing construction and repaint activity, demand for industrial paints is derived from user industries, such as automobiles, auto ancillaries, consumer durables, marine vessels and containers, and depends on the level of industrialisation in the country.

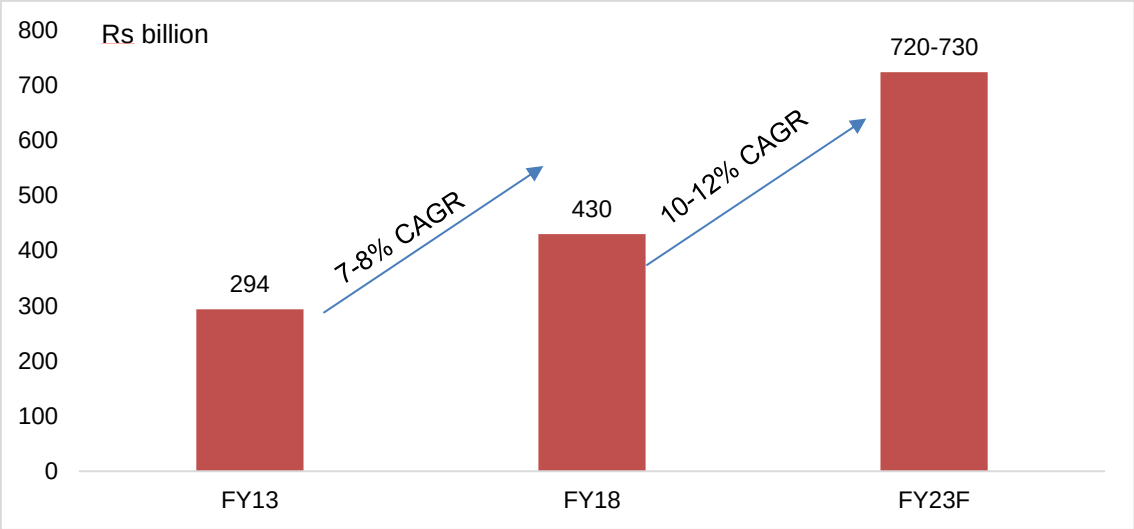
Demand for paints is influenced, mainly by the growth rate of the economy, which translates into increased purchasing power and, consequently, increased per-capita consumption of paints. Demand for decorative paints is also influenced by the interest rates on consumer housing loans and the affordability factor of houses. The growth rate of the economy also influences repaint demand, which accounts for about 60% of demand for decorative paints. The remaining 40% demand for decorative paints is directly influenced by the increase in fresh civil construction (housing and commercial), although there is a time lag of 12-18 months between the construction and painting of a house.

An increase in the economic activity, with higher industrial production and industrialisation, determines the growth in offtake for industrial paints.

Between fiscals 2013 and 2018, the paints industry has been growing at a CAGR of 7-8%. It has been driven by the improving economic parameters, growth in housing infrastructure and rising auto sales. Decorative paints forms the majority of the paints industry market. It has grown at a CAGR of ~9% in the same period, whereas the industrial paints industry has clocked a CAGR of ~7%. Higher per-capita consumption of paints and better penetration of players in semi-urban and rural areas aided growth.

Considering the robust fundamentals and the current economic environment, the market is estimated to grow at 10-12% over the next five years, aided by better economic indicators.

Paints industry growth trajectory



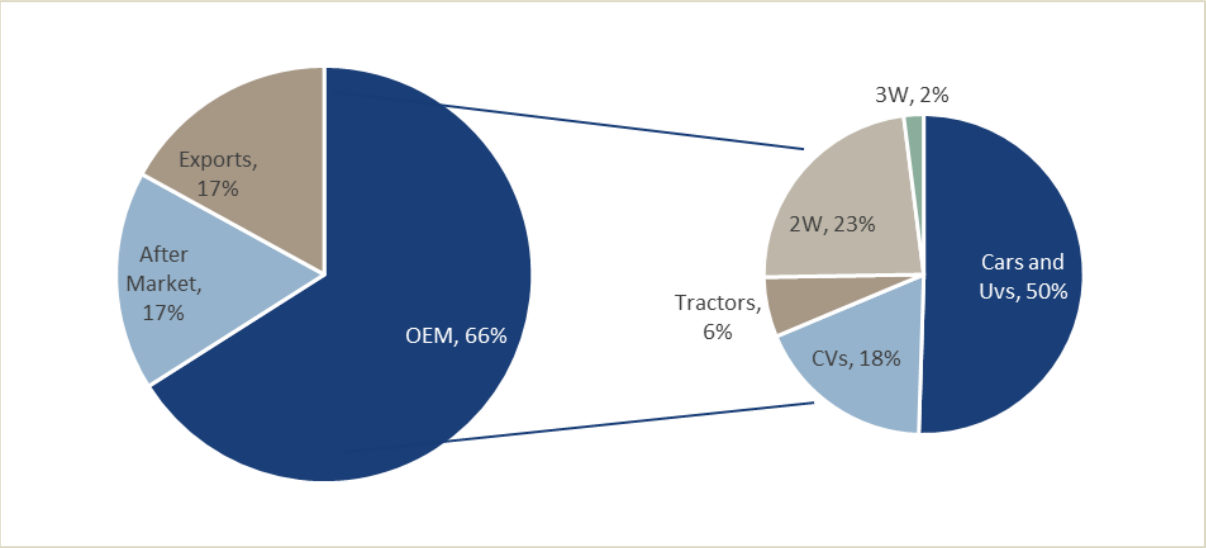
Source: CRISIL Research

Automotive components

Production of automotive components depends on consumption by different end-user segments: original equipment manufacturers (OEM), exports, and the replacement market. The industry is cyclical in nature with demand directly linked to personal income. OEM demand can be further segregated based on various vehicle segments. CRISIL Research projects OEMs to account for nearly two-thirds of total automotive component consumption in fiscal 2018. Among OEMs, cars and utility vehicle manufacturers remain the largest consumers.

The domestic auto components industry largely consists of small and medium enterprises. The industry is composed of 780+ organised players and 5,800 unorganised players. In terms of revenue, however, the organised segment dominates the industry. Auto Component Manufacturers Association (ACMA) members represent 85% of the overall industry turnover. Over the past few years, more auto component companies have been registering as ACMA members.

OEMs remain dominant consumers of automotive components



Source: CRISIL Research

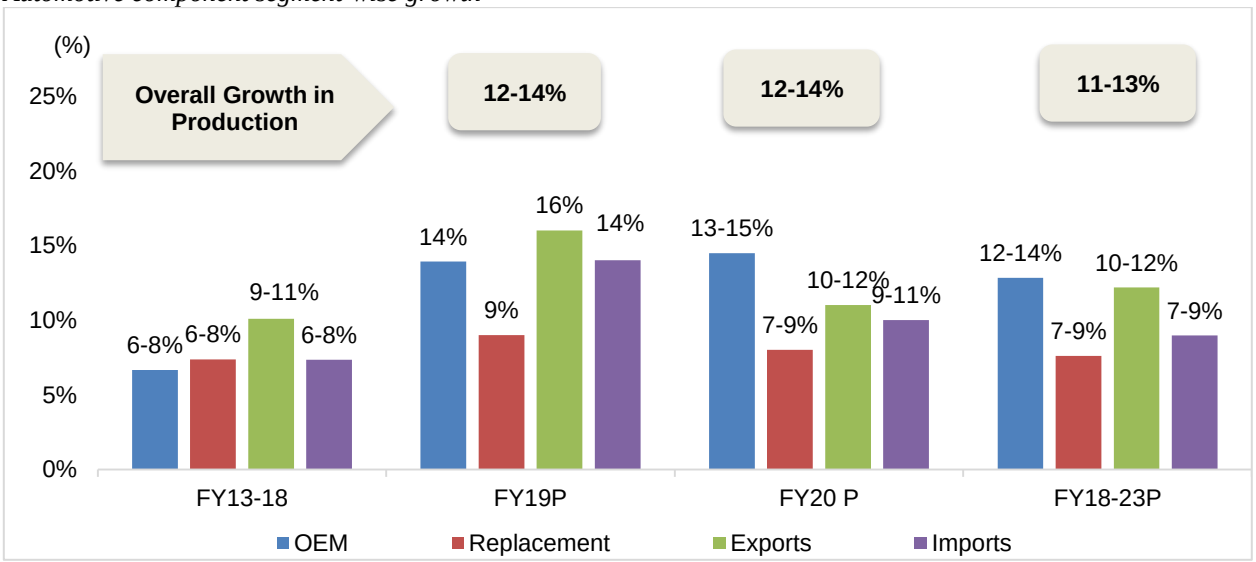
CRISIL Research estimates the revenue of the automotive component industry was ~Rs 3,168 billion in fiscal 2018. We expect domestic auto-component production to grow at 11-13% CAGR to ~Rs 5,530 billion between fiscals 2018 and 2023. In the long run, OEM demand is expected to grow at 12-14% and exports at 11-13%.

OEM demand to drive growth in the automotive component industry in next five years

Owing to changing regulatory norms, domestic companies will begin producing components of global standards with the help of joint ventures and technical collaborations. Accompanied by India's structural advantage as a low-cost country, this is expected to lead to higher penetration and robust export growth. The share of exports as a percentage of total auto component demand, currently at ~17%, is expected to pick up gradually.

Imports are expected to grow at 7-9% CAGR in the long run. However, as seen in the fiscal 2019 budget, customs duty on various forged components has been increased, which will promote localisation of the components currently procured by select OEMs from abroad. With the government's high focus on electric vehicles (EVs), and with no material supplier of battery management systems (BMS) in India, imports from this segment are expected to drive growth, although limited by low EV penetration, in the medium term. Growth in imports will, however, be restricted by the growing research and development (R&D) efforts by local players, as well as anti-dumping duties levied by the government.

Automotive component segment-wise growth



Source: CRISIL Research

We expect OEM demand to clock 12-14% CAGR from fiscal 2018-23 to ~Rs 3,804 billion, led by robust vehicle production driven by CVs.

- Commercial vehicles are expected to post strong growth in the long term on account of the improving economic conditions. However, the shift towards higher tonnage vehicles and dedicated corridors will cap additional growth
- The passenger vehicles segment will witness growth due to the country's rising disposable incomes, low passenger vehicle penetration, and new model launches
- We expect total two-wheeler sales to rise at 6-8% CAGR from fiscals 2018-23. Scooters, the fastest-growing segment, will likely make rapid strides during this period. Rural demand will be backed by rising farm incomes and improving rural infrastructure, especially as the government continues to invest in developing rural roadways
- The government's aim to double farm income via initiatives such as e-NAM (National Agriculture Market), expansion of crop insurance coverage, minimum support prices for crops, and improved land productivity via soil health cards is expected to boost tractor sales
- The proportion of manufacturing activity outsourced to auto component makers is highest for cars and utility vehicles, explaining this segment's prominence. Outsourcing in the CV segment is lower than for cars. However, we expect it to increase in the future owing to growing technological spends by auto component players. We expect localisation by certain OEMs to increase, supporting growth in domestic OEM offtake

The auto component replacement market is projected to grow at a steady rate of 7-9% CAGR from fiscals 2018-23. Replacement demand is expected from the higher number of vehicles sold in the past five years (fiscals 2013-18) which is expected to lead to greater replacement demand in the next five years (fiscals 2018-23). Demand in the replacement market will grow due to increase in the utilisation rate of CVs and the increase in penetration of cab aggregator services in the overall stock of passenger vehicles.

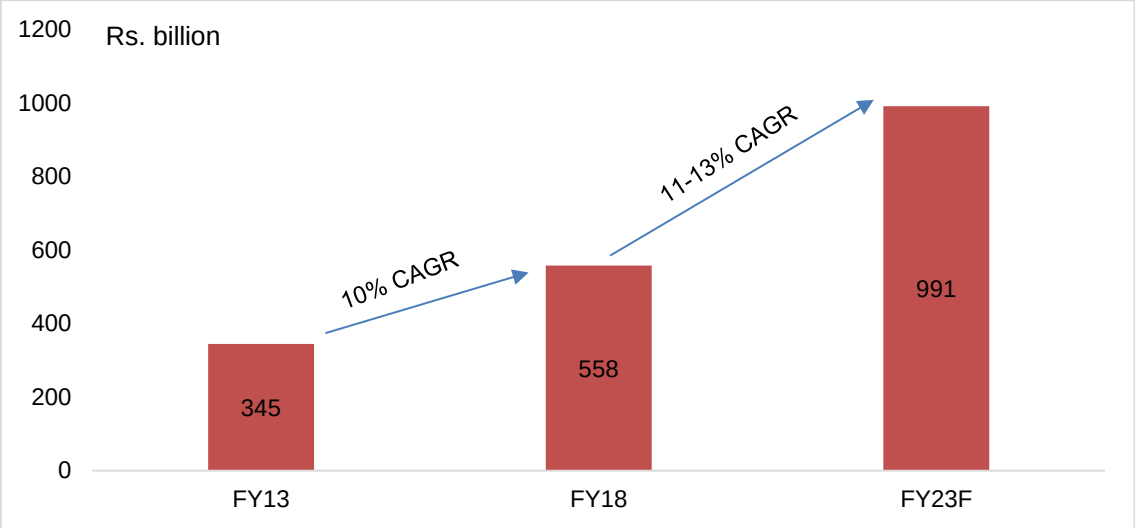
Total auto component imports are forecast to grow at 8-10% CAGR during fiscals 2018-23. Engine and engine components imported by India currently account for 34% of total imports. As we expect EVs to hit Indian roads in the medium to long term, this share of imports will be compensated by import of BMSs, mainly from China, the United States and Japan. This increase in imports will be offset by growing R&D investments by domestic players and stricter regulatory norms, resulting in lower global sourcing of automotive components. Moreover, anti-dumping duty and higher customs duty levied by the government will also keep a check on the expansion of imports.

- In May 2018, anti-dumping duty of $22.89 per kg was imposed on all imports of aluminium radiators originating or exported from China
- In the recent budget, the Indian government increased customs duty on various forged engine components to promote their localisation

Consequently, OEMs have been shifting towards localised products in response. The trucking industry is expected to gradually shift towards organised auto component players owing to regulatory changes (with respect to engines) and the GST. Hence, we expect replacement parts to be increasingly sourced from domestic players, leading to higher usage of authorised service stations as service quality improves. However, increased durability of components (better quality) and better infrastructure will lead to higher life cycle of components.

Auto component exports are projected to rise at 11-13% CAGR between fiscal 2018 and 2023 on account of the improved the global scenario. Global OEMs are expected to source automotive components from low-cost countries such as India to reduce costs. Currently, the penetration of Indian automotive components in major markets is minuscule, comprising little more than 1% of global exports. This indicates considerable scope for manufacturers to expand their share in the coming years. Moreover, India is moving towards higher global standards in terms of quality and safety measures. This helps the players expand into newer geographies and gives them an edge as compared to other low-cost countries.

Auto component export growth trajectory



Source: CRISIL Research

Agrochemicals (Pesticides)

Pesticides and fertilisers typically follow the agrochemical growth cycle. The manufacture of pesticides can be split into two phases. The first phase involves manufacture of the active compound or ingredient -- 'the technicals' in industry parlance. A parallel can be drawn with the pharmaceuticals industry, where the equivalent compound would be the APIs or active pharmaceutical ingredients. The technicals are typically hydrocarbon-based and are combined with various other compounds containing sulphur, phosphorous, chlorine, etc.

The technicals are usually manufactured in bulk and form the primary inputs for the second stage of the process: the preparation of formulations. Formulators combine the technical compounds with inert carriers which are primarily designed to impart some desirable characteristics, such as adhesiveness and solubility, to the final product. Thereafter, formulators package and sell the final product.

While there are 15-20 major manufacturers of technical compounds who also have a presence in the manufacturing and sale of formulations, there are over 800 standalone formulators as well. Top players (most of whom are integrated manufacturers) account for 60-70% of the pesticides market, with the smaller standalone formulators accounting for the rest. Standalone formulators are largely involved in manufacturing generic (i.e., not specific to a particular crop or pest) pesticides. Larger players, multinational companies (MNCs), or large Indian companies with global tie-ups for technology in particular, are more likely to have a greater presence in specific pesticides. As generic pesticides dominate the domestic market, competition among players in terms of price is intense.

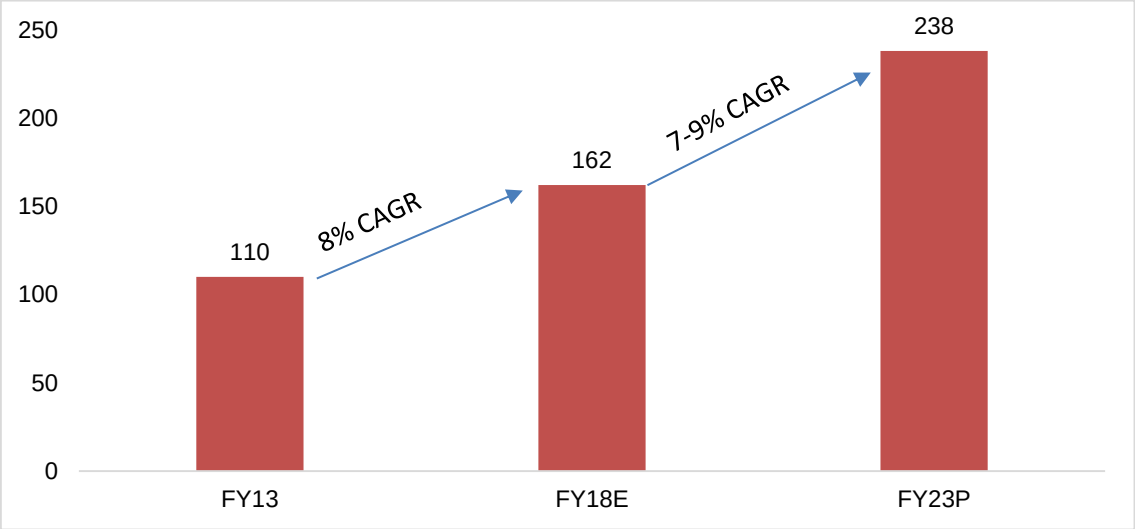
The domestic crop protection industry is expected to grow at a moderate 5.5-6% on-year this fiscal to reach Rs 170.5 billion after growing at ~7% on-year in fiscal 2018. We expect the growth to be driven mainly by the 4-5% price hike. In volume terms, we expect growth to be muted, mainly on account of uneven rainfall, weak crop prices, and low-to-moderate pest attacks. The southwest monsoon season ended with rainfall 9.4% short of the long-period average. Maharashtra, Karnataka and Gujarat were the most impacted by dry spells, which reduced the level of pest attacks in these regions. Further, erratic weather conditions in Maharashtra and Andhra Pradesh adversely affected pesticides application on cotton, which is a key pesticide-consuming crop.

Further, there has been a reduction in usage of pesticides for basmati rice grown in Punjab. Stricter pesticide residue norms in global markets are posing hurdles to rice exports from the country. Hence, the state government has been reaching out to farmers to dissuade use of acephate, cabandazim, thiamethoxam, tricyclazole, and triazophos - chemicals responsible for higher residue level in rice.

Over the next five years, assuming normal monsoons, we expect domestic pesticides consumption to grow at 7-9% CAGR, to reach Rs ~238 billion by fiscal 2023. Growth will be driven by increase in penetration and rise in per-hectare expenditure on pesticides. Further, the intensity is expected to increase because of increasing farmer awareness, as India has one of the lowest per-hectare consumption. Therefore, farmers are likely to increase the intensity of application to

achieve better crop yields and pare losses.

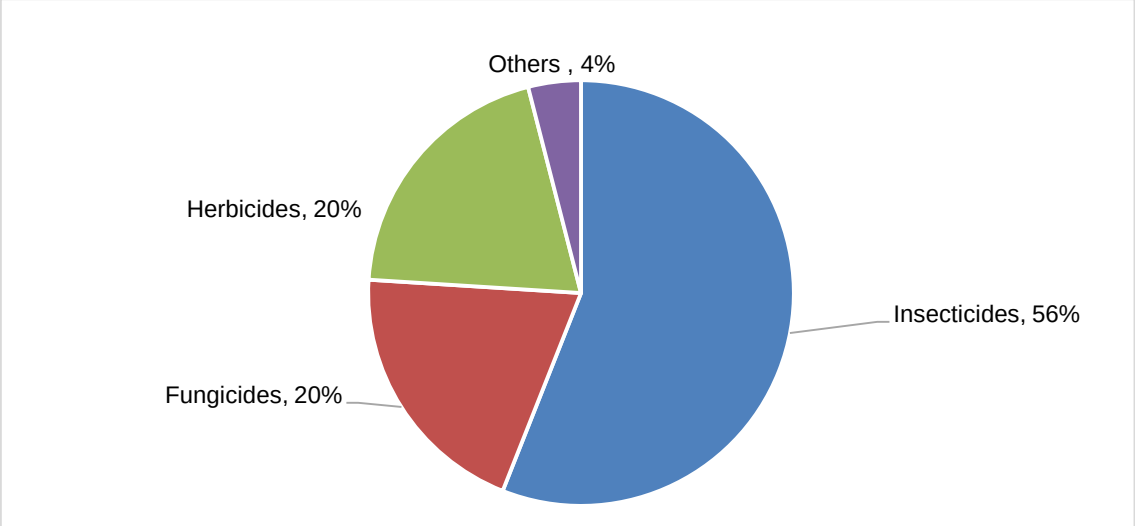
Pesticide industry growth trajectory (Rs billion)



Source: CRISIL Research

While insecticides will continue to dominate the overall mix due to India's tropical climate and resultant pest incidence, the share of herbicides and fungicides in overall consumption is expected to increase steadily.

Segment-wise pesticide demand in FY18



Source: CRISIL Research

- Insecticides to grow 6-7% CAGR; lower application on cotton to lead to subdued growth
  Over the next five years, insecticides are expected to grow at a slower 6-7% CAGR compared with herbicides and fungicides. However, this would be over a high base as insecticides penetration in India is much higher compared with herbicides and fungicides. Insecticides accounts for ~56% share in overall pesticides consumption. Further, demand for insecticides is expected to slow down due to a decline in its application on cotton with increasing awareness of BT seeds. However, increasing penetration in paddy plantation will support growth.

- Herbicides to log 11-13% CAGR over next five fiscals; change in labour dynamics to drive growth
  Over the next five fiscals, the herbicides segment is expected to clock a healthy 11-13% CAGR because of changes in the labour dynamics in rural markets. A large hike in rural wages, due to the Mahatma Gandhi National Rural Employment Guarantee Scheme, has led to an increase in the rural labour cost. Consequently, herbicides (used to

treat weeds) are rapidly replacing manual weed pulling across several crops. Rising labour costs and scarcity of labour are expected to drive growth for the segment over the next three years.

- Fungicides to grow at 9-11%; rise in horticulture production to spur growth
  Fungicides demand is expected to grow by 9-11%, assuming normal monsoons. Growth will be driven by an increase in horticulture production, which has increased at 4% CAGR in volume terms over crop years 2010 to 2018, driven by an increase in the production of both fruits and vegetables. Also, the shift in focus from cash crops to fruits and vegetables would aid an increase in the application of fungicides. Increased support from the government towards exports of fruits and vegetables is also expected to bode well for fungicide demand.

Expected segment-wise growth in pesticides

Type of pesticide	**Five year CAGR (FY18-FY23)**
Insecticides	6-7%
Herbicides	11-13%
Fungicides	9-11%
Others	7-9%
Overall	7-9%

Source: CRISIL Research; Others include rodenticides, bactericides, larvicides

OUR BUSINESS

The financial information included in this section for Fiscals 2018 and 2017 has been extracted from our Audited Consolidated Financial Statements for Fiscal 2018 and 2017, prepared under Ind AS. The financial information included in this section for Fiscal 2016 has been extracted from our Audited Consolidated Financial Statement for Fiscal 2017 (containing restated comparative financial information for Fiscal 2016, prepared under Ind AS).

Overview

We are one of the leading specialty chemical manufacturing companies in India and globally primarily for benzene based derivatives (*Source:* CRISIL Report). Since our incorporation in 1984, we have diversified our product profile, client base and geographical footprint. Currently, our product portfolio comprises over 200 products that are manufactured at our 17 manufacturing plants and marketed to more than 400 global customers in over 60 countries and 700 domestic customers. A majority of our products are exported to the USA, several countries in Europe, China and Japan; and are used in end-user industries such as agrochemicals; pharmaceuticals; polymer additives; pigments and dyes; FMCG applications, beverages amongst other industries.

We conduct our business through three distinct segments, namely, specialty chemicals ("Specialty Chemicals Segment"); pharmaceuticals ("Pharmaceuticals Segment"); and home and personal care ("HPC Segment").

Specialty Chemicals Segment:

We have integrated operations across the product chain of benzene, sulphur and toluene. We are ranked amongst the top three players globally for the manufacture of nitro chloro benzenes ("NCB") and di chloro benzenes ("DCB") (*Source*: CRISIL Report). We are also the only manufacturer of nitro fluoro aromatics using the Halex process; and the only manufacturer of phlyene di amines ("PDA") value chain in India. Our Specialty Chemicals Segment manufactures a variety of chemicals, primarily along the benzene-based value chain. We also manufacture other chemicals such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; phthalates; and toluene based derivatives. The products in our Specialty Chemicals Segment have varied applications across the agrochemicals; pharmaceuticals; polymer additives; pigments; and dyes industries. We make use of processes such as chlorination, nitration; ammonolysis, hydrogenation and fluoro compounding in our manufacturing operations. We have integrated our operations across the product chain of benzene, sulphur and toluene. We believe that this gives us the ability to effectively use co-products and generate value-added products. A significant portion of our revenue from operations is derived from our Specialty Chemicals Segment. In Fiscals 2018, 2017 and 2016, consolidated revenues from our Specialty Chemicals Segment amounted to ₹ 2,985.49 crore, ₹ 2,569.29 crore and ₹ 2,430.36 crore, respectively, which constituted 78.44%, 81.22% and 80.83%, respectively, of our consolidated revenue from operations.

Pharmaceuticals Segment:

We have four active pharmaceutical ingredients ("APIs") manufacturing plants, two of which are approved by the United States Food and Drug Administration ("USFDA") and two of which are WHO / GMP certified. Additionally, we have two research and development facilities that are dedicated to our pharmaceutical API business. Our Pharmaceuticals Segment is divided into three verticals for the (a) manufacture of APIs; (b) manufacture of intermediaries; and (c) manufacture of xanthine derivatives. Currently, our Pharmaceuticals Segment manufactures various commercial APIs with 30 US Drug Master Files ("USDMF"), 12 Drug Master Files ("DMF") (with seven under assessment) and 18 Certificates of Suitability ("CEP") (with two under assessment). During Fiscals 2018, 2017 and 2016, consolidated revenues from our Pharmaceuticals Segment amounted to ₹ 556.22 crore, ₹ 426.07 crore and ₹ 425.76 crore, respectively, which constituted 14.61%, 13.47% and 14.16%, respectively, of our consolidated revenue from operations.

HPC Segment:

Under our HPC Segment, we manufacture non-ionic surfactants which are used as concentrates in shampoo, hand-wash, dish-wash and oral care. In Fiscals 2018, 2017 and 2016, consolidated revenues from our HPC Segment amounted to ₹ 264.35 crore, ₹ 168.10 crore and ₹ 150.47 crore, respectively, which constituted 6.95%, 5.31% and 5.00%, respectively, of our consolidated revenue from operations. Our Board of Directors have approved a scheme of arrangement on June 28, 2018 for the demerger of our HPC Segment into a separate listed entity. For further details, please see "*—Demerger of our HPC Segment*" on page 151.

We own and operate 17 manufacturing plants, which are strategically located near ports in India. 11 of these manufacturing plants are dedicated to our specialty chemicals business, four manufacturing plants cater to our pharmaceutical business and two to our home and personal care business. Two of our pharmaceutical manufacturing plants are USFDA approved. Further, two of our manufacturing facilities are WHO certified and cGMP compliant, meeting ICH Q7 standards. This enables us to supply to customers that operate in regulated markets. As at December 31, 2018, 12 of our manufacturing plants are zero liquid discharge plants and we have setup five co-generation plants and five solar power plants at our manufacturing facilities/offices. Of our 17 manufacturing plants, four are located in Maharashtra, 11 in Gujarat, one in Madhya Pradesh and one in the union territory of Dadra and Nagar Haveli. Additionally, we are in the process of setting up two 100 per cent export oriented manufacturing plants at the Dahej SEZ in Gujarat in addition to one already operating manufacturing facility in the Dahej SEZ.

We are focused on research and development which is carried at our three dedicated research and development facilities, two of which are located at Vapi, and one at Dombivali ("R&D Facilities"). Two of our R&D Facilities are dedicated to our pharmaceutical API business and one R&D Facility is dedicated to our specialty chemicals business. As at December 31, 2018, we employed a team of over 170 engineers and scientists at our R&D Facilities. We have obtained a number of intellectual property rights to develop customized products, including 9 patents (with 21 under assessment) from authorities in India, USA, Europe, and China. Additionally, we are in the process of setting up a new research and development facility in Navi Mumbai, to cater to our specialty chemicals business.

We are driven by a qualified and dedicated management team, comprising of seasoned professionals with experience across the various sectors in which we operate, which is led by our Board of Directors. One of our Promoters, and our Chairman and Managing Director, namely, Mr. Rajendra Vallabhaji Gogri, has been associated with the Company since its incorporation in 1984; and, along with our other Promoters and Directors, has played a significant role in the development of our business. We believe that our management team's collective experience and capabilities enable us to understand and anticipate market trends, manage our business operations and growth, leverage customer relationships and respond to changes in customer preferences. Our workforce has grown significantly over the years; and as on December 31, 2018, we had 5,100 employees on our rolls.

For Fiscals 2018, 2017 and 2016, our consolidated revenue from operations was ₹ 3,806.06 crore, ₹ 3,163.46 crore and ₹ 3,006.59 crore, respectively and our consolidated profit for the years were ₹ 332.96 crore, 315.78 crore and ₹ 256.88 crore, respectively. Our consolidated EBITDA in Fiscals 2018, 2017 and 2016 was ₹ 699.12 crore, ₹ 653.50 crore and ₹ 572.27 crore, respectively.

In 2015, we have been awarded the "Outstanding Achievement – Innovation" award by CHEMTECH Foundation for ensuring sustainable growth through innovation. Chemexcil presented the Trishul Award 2014-15 in the Dyes and Dye Intermediaries Panel, Large Scale Sector; the Award of Excellency 2015-16 in the Dyes and Dye Intermediaries Panel, Large Scale Sector; and the Trishul Award 2016-17 in the Dyes and Dye Intermediaries Panel, LSM and Merchant Exporter Sector. Further, we received an award at SERB-IGCW 2017 in the 'MNC large and Medium Scale Category' for incorporating principles of green chemistry and engineering into manufacturing as well as for the initiatives taken towards pollution prevention. Additionally, in Fiscal 2015, we have been bestowed with the Gujarat Cleaner Production Award by the Forest and Environment Department, Government of Gujarat. Moreover, the Indian Institute of Chemical Engineers bestowed the Lala Shriram National Award for "Leadership in the Chemical Industry" to our chairman emeritus, Mr. Chandrakant Gogri in 2015.

Our Strengths

We believe that we possess a number of competitive strengths, which enable us to successfully execute our business strategies, including the following:

Global player in benzene based derivatives with integrated operations

We enjoy a leading market position both in India and globally for the manufacture of specialty chemicals in benzene based derivatives (*Source*: CRISIL Report). We attribute our market leadership in benzene based derivatives to our diverse and comprehensive product portfolio, product innovations, presence in the industry for over 30 years and our ability to meet stringent specifications and customizations along with strong technical competencies, and research and development capabilities.

Our operations are integrated across the product chains of benzene, sulphur and toluene. We believe that this gives us the ability to effectively use co-products and isomer balancing and generate value-added products. We also manufacture other

chemicals such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; and phthalates. A significant portion of our revenue from operations is derived from the sale of benzene based derivatives. In Fiscals 2018, 2017 and 2016, consolidated revenues from our Specialty Chemicals Segment amounted to ₹ 2,985.49 crore, ₹ 2,569.29 crore and ₹ 2,430.36 crore, respectively, which constituted 78.44%, 81.22% and 80.83%, respectively, of our consolidated revenue from operations.

We have also demonstrated our ability to handle complex and hazardous chemical processes and achieved global leadership positions in chemical processes. During Fiscal 2018, chlorination and nitration accounted for approximately 30% of our specialty chemicals revenues on a consolidated basis; and approximately 70% of our specialty chemicals revenue on a consolidated basis comprised revenues from sale of other value added products and chemistries in our Speciality Chemical Segment. We are ranked amongst the top three players globally for the manufacture of NCB and di chloro benzenes DCB (*Source*: CRISIL Report). We are also the only manufacturer of nitro fluoro aromatics using the Halex process; and the only manufacturer of PDA in India (*Source:* CRISIL Report). We believe that our leadership position offers us several competitive advantages. Our leadership position enables us to leverage our relationship with customers, provides potential to increase the products being sold and strengthen our reputation.

Diversified product portfolio, strong customer base and varied geographical presence

Our product portfolio comprises over 200 products that are marketed to more than 400 global customers in over 60 countries and 700 customers in India. We have diversified our product base by expanding from our specialty chemicals business to pharmaceuticals and home and personal care products. Even within our specialty chemicals business, we have diversified to manufacture other chemicals such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; phthalates; and toluene based derivatives. We believe that this enables us to manufacture products with applications in various end-user industries. For instance, specialty chemicals caters to (a) the agrochemicals industry, and are used in manufacture of pesticides, insecticides, fungicides, herbicides, fertilizers and nutrients; (b) the polymers and additives industry, where our chemicals are used in aircrafts, automobiles, cruise liners, bullet-proof jackets and electronic products; and (c) dyes and pigments industry, where our products find application in printing inks, amongst others. In our Pharmaceuticals Segment, we manufacture intermediates and APIs used in anti-cancer, anti-asthma, anti-hypertensive drugs, oncology therapies and steroids. Our Pharmaceuticals Segment also manufactures xanthine derivatives which find their application in beverages, nutraceuticals and pharmaceuticals. We believe that a well-diversified product portfolio enables low dependence on individual products. In Fiscal 2018, our top five products contributed approximately 30% and 45% of the sales in our Specialty Chemicals Segment and Pharmaceuticals Segment, respectively; and our top 10 products contributed approximately 44% and 57% of the sales in our Specialty Chemicals Segment and Pharmaceuticals Segment, respectively, on a consolidated basis. Further, in Fiscal 2018, our top five and top 10 products contributed to 24% and 38%, respectively, of our consolidated revenue from operations.

Our products are used across different end industries and have different business cycles. For example, our products for agrochemicals segment are used in pesticides, insecticides, herbicides, etc. which are affected by the agrochemical cycle. Our products for the dyes and pigments are used in printing ink; and our products for polymers and additives segments are used in aircrafts, automobiles and electronic products, each of which follow a normal business cycle. Products from our Pharmaceuticals Segment are used as intermediaries in drugs catering to anti-cancer, anti-asthma ad anti-hypertensive drugs oncology therapies, which are non-cyclical.

Over the years, we have evolved from being a local supplier to companies in India to being a global supplier to companies across major geographies, such as North America (including USA), China, Japan and multiple countries in Europe. In Fiscal 2018, of our consolidated revenue from operations approximately 56% was derived from domestic sales; approximately 10% was derived from sales in North America, approximately 15% was derived from sales in Europe; approximately 4% each was derived from sales in China and Japan; and approximately 11% was derived from sales to the rest of the world. We believe that our robust product portfolio and expanded geographical footprint enable us to provide integrated solutions to a wide array of customers, whether they be established multinationals or emerging players in local markets.

Our customer base currently comprises a host of multinational, regional and local companies. We enjoy relationships in excess of 5 (five) years with a 9 (nine) out of our top ten customers. This can be demonstrated by the fact that over 85%of our consolidated revenue from operations in Fiscal 2018 was derived from customers with whom we had existing relationships for over five years. Of our consolidated revenue from operations in Fiscal 2018, our largest customer contributed approximately 4%; our top 10 customers contributed to approximately 22%; and our top 20 customers contributed to approximately 32%. We believe that this reflects our ability to cater to the continual procurement needs of our multinational customers across diverse geographies. We believe that our customers have acknowledged our values

and business model as well as our appetite for investing in growth through long term capital commitments. We have demonstrated our ability to scale up our capacities to cater to the requirements of our customers.

Further, our revenues are attributable to both domestic and international sales. We export our products to more than 60 countries globally. In Fiscals 2018, 2017 and 2016, consolidated revenue from exports represented 44.43%, 48.14% and 47.61%, respectively, of our consolidated revenue from operations. We believe that our diversified and comprehensive product portfolio and large customer base spread across several countries and customer categories diminishes the risks associated with our dependence on any particular product, customer or geography.

Strong infrastructure in place in our pharmaceuticals business, which provides growth opportunities with exposure to multiple segments and products

We have four APIs manufacturing plants, two of which are approved by the USFDA and two of which are WHO / GMP certified. Additionally, we have two research and development facilities that are dedicated to our pharmaceutical APIs business. Currently, our Pharmaceuticals Segment manufactures various commercial APIs with 30 USDMF, 12 DMF (with seven under assessment) and 18 CEP (with two under assessment). We also have an exclusive sterile block for oncology APIs. Additionally, we have obtained a number of intellectual property rights to develop customized products, including 9 patents (with 21 under assessment) from authorities in India, USA, Europe and China. In Fiscals 2018, 2017 and 2016, consolidated revenues from our Pharmaceuticals Segment amounted to ₹ 556.22 crore, ₹ 426.07 crore and ₹ 425.76 crore, respectively, which constituted 14.61%, 13.47% and 14.16%, respectively, of our consolidated revenue from operations.

Our Pharmaceuticals Segment is divided into three verticals for (a) manufacture of APIs; (b) manufacture of intermediaries, which together with manufacture of APIs accounted for 63.52% of the standalone revenues of our Pharmaceuticals Segment in Fiscal 2018; and (c) manufacture of xanthine derivatives, which accounts for 36.48% of the standalone revenues of our Pharmaceuticals Segment in Fiscal 2018. We have backward integrated intermediaries for most of the APIs that we manufacture. Our APIs are exported to regulated markets globally including the USA, several countries in the European Union and Japan. Sales from exports of our APIs and intermediaries amounted to approximately 49% of the standalone revenues of our Pharmaceuticals Segment from APIs and intermediaries in Fiscal 2018, of which approximately 25% was from exports to non-regulated markets and approximately 24% was from exports to regulated markets. Xanthine derivatives manufactured by us are used in beverages, nutraceuticals and pharmaceuticals. Two of our manufacturing facilities are dedicated to manufacturing Xanthine derivatives and have obtained star certifications such as "Star Kosher", "HACCP" and "GMP" for manufacturing and testing. We also undertake CRAMs activities focused on intermediates. We are currently working with several innovators on API intermediates opportunities. During Fiscal 2017, we doubled our xanthine production capacity to cater to demand from cola and energy drink manufacturers. Sales from exports of our xanthine products amounted to approximately 50% of the standalone revenues of our Pharmaceuticals Segment from xanthine products in Fiscal 2018, of which approximately 20% was to non-regulated markets and approximately 30% was to regulated markets.

Our Pharmaceuticals Segment has grown significantly over the last five Fiscals, with the standalone revenue of our Pharmaceuticals Segment in Fiscal 2018, Fiscal 2017, Fiscal 2016, Fiscal 2015 and Fiscal 2014 being ₹ 556.22 crore, ₹ 426.07 crore, ₹ 425.76 crore, ₹ 303.20 crore and ₹ 248.98 crore; increasing from ₹ 248.98 crore in Fiscal 2014 to ₹ 556.22 crore in Fiscal 2018 at a CAGR of 22%; and our EBIT margins in Fiscal 2018, Fiscal 2017, Fiscal 2016, Fiscal 2015 and Fiscal 2014 being 14.24%, 11.30%, 9.11%, 11.81% and 11.94%; increasing from 11.94% in Fiscal 2014 to 14.24% in Fiscal 2018 at a CAGR of 27%.

Strong returns despite significant capex during the last five Fiscals

During the last five Fiscals, we have expanded our capacity to scale our benzene derivatives manufacturing business and integrate downstream value added products. We have also diversified into toluene based derivatives. Some of the key capacity expansion projects undertaken by us during the last five Fiscals include:

- Our NCB project at our Vapi manufacturing facility was commissioned in Fiscal 2016, and has expanded our manufacturing capacity at the facility from 57ktpa to 75ktpa. This plant has achieved 90% capacity utilisation for the quarter ended December 31, 2018. The objective of this project was to diversify further in the benzene value chain.

- Our PDA project at our Jhagadia manufacturing facility was commissioned in Fiscal 2017 and expanded our manufacturing capacity at the facility from 5ktpa to 12ktpa. This plant has achieved 40% capacity utilisation for the

quarter ended December 31, 2018. The objective of this project was to strengthen our presence in the high-end polymer markets.

- Our nitro-toluene project at our Jhagadia manufacturing facility was commissioned in Fiscal 2018 and has achieved 53% capacity utilisation for the quarter ended December 31, 2018. Under this project, a 30 ktpa plant was set up with the objective of foraying into the toluene product chain.

- Our ethylation project at our Dahej manufacturing facility was commissioned in Fiscal 2017 and has achieved 80% capacity utilisation for the quarter ended December 31, 2018. Under this project, an 8ktpa to 10ktpa plant was set up to increase our agrochemical intermediaries manufacturing capacity.

During Fiscals 2018, 2017, 2016, 2015 and 2014 we spent ₹ 614.78 crore, ₹ 530.22 crore, ₹ 468.27 crore, ₹ 303.07 crore and ₹ 290.96 crore, respectively, on capital expenditure, on a consolidated basis. During Fiscals 2018, 2017, 2016, 2015 and 2014 on a consolidated basis, our ROCE was 17%, 20%, 20%, 19% and 19%, respectively, our ROCE (excluding CWIP) was 19%, 22%, 23%, 20% and 20%, respectively and our ROE was 22%, 24%, 23%, 21% and 20%, respectively.

We are in the process of further increasing our capacities at our manufacturing facilities at Vapi, Jhagadia and Dahej which we believe will provide significant operating leverage. Accordingly, projects are underway at our Kutch, Vapi, Tarapur, Jhagadia and Dahej manufacturing facilities. Further, we believe that additional capacities at our new and upcoming manufacturing facilities will provide significant growth opportunities in the future. Additionally, we are also in the process of setting up a new research and development unit at Navi Mumbai to cater to our specialty chemicals business For further details, see "*—Upcoming manufacturing facilities and research and development centres*" on page 153. We believe that our customers have acknowledged our strong financial position and business model as well as our appetite for investing in growth through long term capital commitments. We have demonstrated our ability to scale up our capacities to cater to the requirements of our customers.

Strong research and development capabilities allowing product innovation

As at December 31, 2018, we employed a team of over 170 engineers and scientists at our R&D Facilities, two of which are located at Vapi and one at Dombivali. Two of our R&D Facilities are dedicated to our pharmaceutical API business and one R&D Facility is dedicated to our specialty chemicals business. Our in-house research and development team helps us to collaborate with our customers to understand consumer preference and develop new product applications to cater to the needs of our customers. Through our research and development capabilities, we were successful in developing and enhancing our portfolio of customised products. We believe that our ability to develop new product application and our ability to customise products to suit customer needs have helped us in expanding our customer base and thereby enabled us to establish our leadership position. Further, we have been increasing our presence in niche chemistries where we believe the competition may not be significant.

Our key research and development processes include high pressure autoclaves, glass lined reactors, sparkler filters and fractional distillation, amongst others; and we maintain a constant focus on downstream products. Currently, we manufacture over 200 products over our Specialty Chemicals Segment, Pharmaceuticals Segment and HPC Segment. We make use of processes such as Scrub NOx in sulphuric acid from our MDCB plant to manufacture commercial grade nitrosyl sulphuric acid. We also make use of processes like high value chlorination, hydrogenation, ammonolysis and fluoro-compounding. Further, we directly utilize HCL gas, which is a by-product of benzene chlorination, to manufacture chloro sulphonic acid ("CSA"). We are also the first and only company in India to commercialize the manufacturing of our range of nitro fluoro compounds via Halex chemistry (with KCl recovery). We also produce 100% export grade calcium chloride granules from dilute hydrochloric acid and adopt eco-friendly hydrogenation processes through continuous loop reactors.

Our research and development activities have enabled us to develop various commercial APIs with 30 USDMF, 12 DMF (with seven under assessment) and 18 CEP (with two under assessment). We have also obtained a number of intellectual property rights to develop customized products, including 9 patents (with 21 under assessment) from authorities in India, USA, Europe and China.

Strong focus on sustainability

We are focused on health and safety and have a 'zero tolerance zero harm' policy within our organisation. We regularly conduct process safety audits and inspections from external agencies. During the last five Fiscals, we spent an aggregate amount of approximately ₹ 240 crore on environment, health and safety. We have implemented DCS control systems and

process automation. The process of 'learning from the incident' is established and our 'Aarti Management System', an internal protocol mechanism, is responsible for process safety. We even employ a toxicologist for occupational health and emergency response with complete fire protection audits for each of our facilities.

We are also significantly focused on environment and sustainability. We strive to follow the "Three-R" principle of reduce, recover and reuse. We seek to improve governance through the Sustainability Council Committee for Sustainability Management. We have adapted an online compliance mechanism for better governance. We own and operate 17 integrated manufacturing plants two of which are USFDA certified and two of which are WHO certified and cGMP compliant plants meeting ICH Q7 standards enable us to supply to customers that operate in regulated markets. As at December 31, 2018, twelve of our manufacturing units are zero liquid discharge facilities and we have setup five co-generation plants and five solar power plants at our manufacturing facilities. During the last three Fiscals, an aggregate of ₹ 6.84 crore has been spent on investments in solar energy. We have an installed solar power generation capacity of 697kw across all the locations of our manufacturing facilities. We have adopted the Swiss loop reactor technology for hydrogenation. Chilling water is generated from our chlorine tonners for our chilling applications. We have installed ash handling systems, solvent recovery systems and gas scrubbing units. Further, we have installed bioreactors, chemical RO's, multiple effect evaporators and incinerators which drastically reduce water consumption. We have procured IMS certifications for our major operations. Our major units are audited by Together-for-Sustainability initiative. We have received supplier sustainability ratings from Ecovadis, a platform which provides an assessment on the CSR performance of a Company and provides them with comprehensive feedback, benchmark and tools for improvement.

We believe that our focus on health, safety and environment has been acknowledged by all our stakeholders and the industry at large and this can be demonstrated by several awards that have been bestowed upon us for environment, health and safety measures undertaken.

Well placed to benefit from sector tailwinds

China's specialty chemicals market has seen a downturn in recent years due to various factors. Most prominent amongst these are the recent environmental norms introduced by the Chinese government, which have led to shutdown of a number of chemical plants (*Source*: CRISIL Report).

Some major factors that have contributed to a slowdown in the specialty chemicals market in China include:

- stringent environmental norms;
- rising labour costs;
- slowing domestic demand; and
- appreciation of China's currency. (*Source*: CRISIL Report)

India is set to benefit from the China's downturn (*Source*: CRISIL Report). For further details, see "*Industry Overview – India to benefit from China's downturn in specialty chemicals industry*" on page 107. According to the CRISIL Report, the recent downturn observed in China's specialty chemicals industry is serving as an opportunity for Indian manufacturers, who have now gained a cost advantage over their Chinese counterparts. The changing regulatory and policy environment in China has led global companies to diversify supply risk, thereby improving export opportunities for Indian players. This is because, very few countries, other than India, have the requisite scale, technology, raw materials and government support to capture this opportunity. Additionally, In addition, the depreciation of Indian rupee in recent times has led to increased pricing power for specialty chemical players, and enhanced global competitiveness (*Source*: CRISIL Report).

Experienced promoters and strong management team

We are led by a qualified and experienced management team that we believe, has the expertise and vision to manage and grow our business. Our Chairman and Managing Director, Rajendra Gogri has been associated with our Company since its incorporation in 1984 and was appointed as the joint managing director of our Company in 1990. He holds a master's degree in science (Majors in Chemical Engineering) from the IOWA State University of Science and Technology and a bachelor's degree in Chemical Engineering from Institute of Chemical Technology, Mumbai (formerly known as UDCT). He has around 35 years of experience as an entrepreneur in the chemical industry. Mr. Rashesh Gogri, Vice Chairman and Managing Director, holds a degree of Bachelor of Engineering (in its production branch) from the University of

Bombay. Further, our other executive Directors Mr. Shantilal Tejshi Shah, Mr. Parimal Hasmukhlal Desai, Mr. Manoj Mulji Chheda, Ms. Hetal Gogri Gala, Mr. Kirit Ratilal Mehta and Mr. Renil Gogri have 29 years, 36 years, 25 years, 17 years, 19 years and 6 years, respectively, of experience as directors in the Company. Our management continues to focus on production, marketing and new growth areas in their respective product segments. We believe that the knowledge and experience of our promoters, along with senior management, and team of skilled personnel provides us with a significant competitive advantage as we seek to expand in our existing markets and enter new markets.

Our senior management team's collective experience and capabilities enable us to understand and anticipate market trends, manage our business operations and growth, leverage customer relationships and respond to changes in customer preferences. We will continue to leverage on the experience of our management team and their understanding of the specialty chemicals, pharmaceutical and home and personal care products industries in order to take advantage of current and future market opportunities.

Our Strategy

Expansion in existing value chain and increased production of value added products

We intend to scale up the manufacturing capacities for our existing products. To this end, our management is continually exploring new markets and applications for our existing products. We aim to add value to the by-products of our specialty chemical manufacturing process to diversify our product line. We believe that this gives us the ability to effectively use co-products and generate value-added products. Additionally, we also seek to strengthen our market position across isomers.

We intend to grow our business operations further through synergistic expansion into related products and forward integration. Our strategy includes:

- further expanding our product portfolio and production capacity for our existing products;
- identifying niche opportunities in relatively less crowded markets to gain market share rapidly;
- expand our product basket further with related products that are bi-products of our existing products; easily manufactured from the bi- products of such products; and that can be manufactured using the same raw materials and manufacturing facilities;
- downstream integration to manufacture more value added products; and
- improving our market position across isomers.

We also intend to enter into multiple new speciality chemical segments based on our existing competencies, infrastructure and backward integration. We believe that this diversification would allow us to service new clients, meet existing demand; and consequently, enhance business prospects.

Deepen relationships with our customers through co-development and strategic alliances

We intend to adopt the approach of co-development and scale-up our product portfolio through customer partnerships. Further, we intend to develop multiple products with such partners in order to deepen our relationships with them. While we believe that our continuing R&D endeavours and our reputation for quality will help increase our overall market share for both of our pharmaceutical and speciality chemical product categories, we intend to focus on increasing our strategic alliances with our customers in the years to come. We have built long-standing relationships with our customers through various strategic endeavours, which we intend to leverage by capitalizing on the significant opportunities that our diversified product portfolio offers. Further, we plan on utilizing our expanded geographical footprint to address the sourcing requirements of our existing multinational customers as and when they enter new markets, thereby consolidating our position as a preferred supplier across geographies.

Currently, we market our products to more than 400 customers globally in over 60 countries and 700 customers in India. We also regularly take part in trade shows, road shows and exhibitions, and our employees have been invited as speakers at various industry forums. Going forward, we intend to continue to leverage our sales and marketing network, diversified product portfolio and our industry standing to establish relationships with new multinational, regional and local customers and expand our customer base.

Enter new product value chains

We have integrated our operations across the product chain of benzene and sulphur. During the last three Fiscals, we have expanded our specialty chemicals business to include toluene product chains. We intend to further diversify our product portfolio by entering into new product value chains in order to cater to our customers.

We make use of processes such as chlorination, nitration; ammonolysis, hydrogenation and fluoro compounding in our manufacturing operations. We intend to extend our process and chemistry expertise to enter new value chains. We also plan to add new reaction capabilities at our manufacturing facilities.

Long term customer contracts and manufacturing outsourcing

Our customer base currently comprises a host of multinational, regional and local companies. We enjoy relationships in excess of 5 (five) years with a 9 (nine) out of our top ten customers. While we derive a significant portion of our revenues from limited number of major customers, we believe that this reflects our ability to cater to the continual procurement needs of our multinational customers across diverse geographies.

During Fiscal 2018, we have entered into a 20 year, long term contract with a global specialty chemicals player. We also propose to pursue opportunities of being appointed as a contract manufacturer of customised products by global chemical companies by leveraging existing relationships as well as pursuing new clients. The aim of entering into such long term contracts is to leverage process expertise. We believe that sufficient supply of raw material in India increases customers' ability to enter into such contracts. Further, industry trends in India, as compared to China, also incentivise our customers to enter into manufacturing outsourcing contracts with us. We intend to set up dedicated toll manufacturing facilities to cater to such customers. We believe that our customers have acknowledged our values and business model as well as our appetite for investing in growth through long term capital commitments. We have demonstrated our ability to scale up our capacities to cater to the requirements of our customers.

We also intend to continue to leverage our products and our long term relationships and credentials with our international customers to further develop and strengthen our presence in the exports market. To this end, we are in the process of setting up a manufacturing facility at the Dahej special economic zone in Gujarat that will be dedicated to catering to the multi-year export contracts that we enter into with our customers. The aim of setting up our manufacturing facility at a port and in a special economic zone is primarily because we expect to enter into long term joint development contracts with our export customer for which a special economic zone provide favourable conditions.

Expansion of our Pharmaceuticals Segment

In our Pharmaceuticals Segment, two of our manufacturing facilities are USFDA certified and two are WHO certified, cGMP compliant plants meeting ICH Q7 standards which enable us to supply to customers that operate in regulated markets. As a part of our strategy, we intend to increase our presence in such regulated markets and enter new regulated markets as well.

We propose to expand our Pharmaceuticals Segment in order to take advantage of the growth opportunities in this sector. In order to achieve our strategy of expanding our market share, we intend to expand our capacities in existing products as well as expand and strengthen our research capabilities in order to ensure rapid product innovation. Innovation continues to be the key determinant for success in this segment and allows us to create value for our customers; and develop and explore more opportunities for innovators on APIs and intermediaries. We have two R&D Facilities that are dedicated to our Pharmaceuticals Segment. Through our research and development capabilities, we aim to develop and enhance our portfolio of customised products offered to customers and focus on high value intermediates, especially for the active pharmaceutical industry.

History

Our Company was originally incorporated as "Aarti Organics Private Limited" on September 28, 1984 under the Companies Act, 1956 with the Registrar of Companies, Gujarat ("RoC"). Our Company was converted into a public limited company on December 4, 1990 and thereafter our Company's name was changed from "Aarti Organics Private Limited" to "Aarti Industries Limited" pursuant to a fresh certificate of incorporation dated October 11, 1994 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.

Key milestones

Year	Event
1984	Our Company was incorporated
1986	Commenced 1,200 TPA Unit for Nitro Chloro Benzenes in Sarigram, Gujarat
1990	First large scale organic plant in Vapi (4,500 TPA for NCB)
2001	Set up a large scale hydrogenation and nitration unit at Jhagadia (hydrogen gas via pipeline)
2006-2008	• Expanded NCB and sulphuric acid capacity • Received USFDA approval for APIs unit at Tarapur
2010	• Commissioned sulfonation unit in Pithampur • Upgraded hydrogenation unit from batch to continuous • Custom synthesis division at Vapi received USFDA approval
2016	• Commissioned ethylation facility (ethylene gas via pipeline) • Expanded NCB capacity from 57ktpa to 75 ktpa
2017	• Commenced our calcium chloride unit • Started operations at our co-generation and solar power plants
2018	• Signed two large multi-year contracts with global players in the specialty chemicals segment • Commissioned NT plant
2019	Signed multi-year contract with a global player in the specialty chemicals segment

Awards and accreditations

In 2015, we have been awarded the "Outstanding Achievment – Innovation" award by CHEMTECH Foundation for ensuring sustainable growth through innovation. Chemexcil presented the Trishul Award 2014-15 in the Dyes and Dye Intermediaries Panel, Large Scale Sector; the Award of Excellency 2015-16 in the Dyes and Dye Intermediaries Panel, Large Scale Sector; and the Trishul Award 2016-17 in the Dyes and Dye Intermediaries Panel, LSM and Merchant Exporter Sector. Further, we received an award at SERB-IGCW 2017 in the 'MNC large and Medium Scale Category' for incorporating principles of green chemistry and engineering into manufacturing as well as for the initiatives taken towards pollution prevention. Additionally, in Fiscal 2015, we have been bestowed with the Gujarat Cleaner Production Award by the Forest and Environment Department, Government of Gujarat. Moreover, the Indian Institute of Chemical Engineers bestowed the Lala Shriram National Award for "Leadership in the Chemical Industry" to our chairman emeritus, Mr. Chandrakant Gogri in 2015.

Description of our business

We develop and manufacture our products in India and market such products in more than 60 countries globally. We specialise in various processes such as chlorination; nitration; ammonolysis; and hydrogenation and halex chemistry. Our products find application across a number of industries, such as agrochemicals; polymers; pharmaceuticals; polymer additives; pigments and dyes; and beverages, amongst other industries, which reduces the adverse impact of sectoral business cycles.

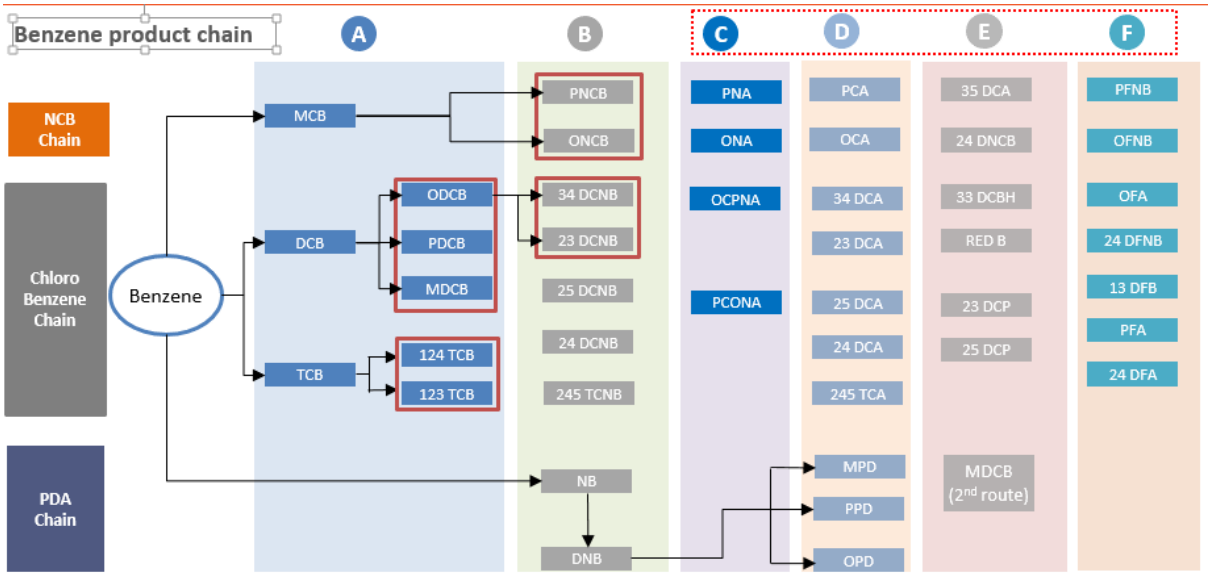
We conduct our business through three distinct segments, namely, Specialty Chemicals Segment; Pharmaceuticals Segment; and "HPC Segment".

Specialty Chemicals Segment:

Products

Our Specialty Chemicals Segment manufactures a variety of chemicals, primarily along the benzene-based value chain. We also manufacture chemicals in Toulene-based value chain and other chemicals such as sulphuric acid and its derivatives; single super phosphate; calcium chloride granules; fuel additives; phthalates.

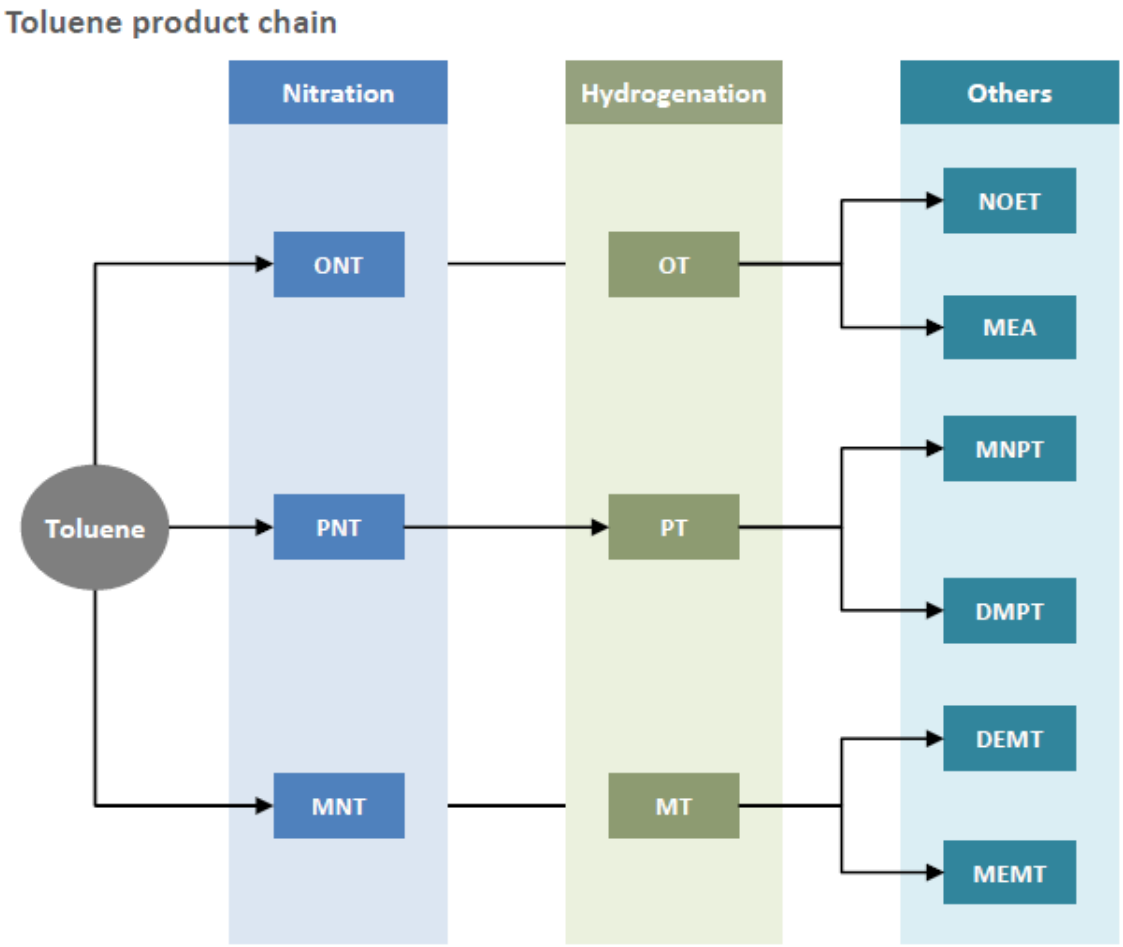
Benzene product chain:



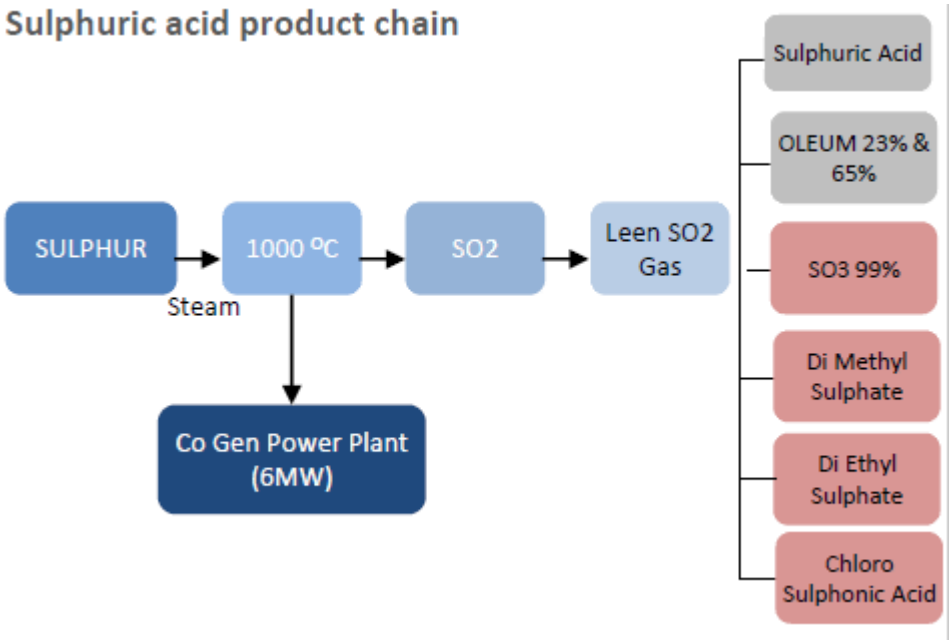
Key:



Toluene product chain:



Sulphuric acid product chain:



Other specialty chemical products:

Other specialty chemical products manufactured by us include single super phosphate, calcium chloride granules, fuel additives, phthalates.

Value added products and co products:

We have integrated our operations across the product chain of benzene and toluene. We believe that this gives us the ability to effectively use co-products and generate value-added products.

End-user industries

The products from our Specialty Chemicals Segment have varied applications across the agrochemicals; polymers; pharmaceuticals; polymer additives; pigments; and dyes industries, amongst others.

Financial information

A significant portion of our revenue from operations is derived from our Specialty Chemicals Segment. In Fiscals 2018, 2017 and 2016, consolidated revenues from our Specialty Chemicals Segment amounted to ₹ 2,985.49 crore, ₹ 2,569.29 crore and ₹ 2,430.36 crore, respectively, which constituted 78.44%, 81.22% and 80.83%, respectively, of our consolidated revenue from operations.

Pharmaceuticals Segment:

Our Pharmaceuticals Segments is divided into three verticals for (a) manufacture of APIs; (b) manufacture of intermediaries; and (c) manufacture of xanthine derivatives.

Products

Manufacture of APIs:

Currently, our Pharmaceuticals Segment manufactures various commercial APIs with 30 USDMF, 12 DMF (with seven under assessment) and 18 CEP (with two under assessment).

Manufacture of xanthine based derivatives:

Currently, our Pharmaceuticals Segment manufactures various caffeine and other xanthine derivatives.

End user industries

APIs manufactured by our Pharmaceuticals Segment are used in anti-cancer, anti-asthma, anti-hypertensive drugs, oncology therapies and steroids. Xanthine based derivatives find application in the beverages, nutraceuticals and pharmaceuticals industries, amongst others.

Financial Information

In Fiscals 2018, 2017 and 2016, consolidated revenues from our Pharmaceuticals Segment amounted to ₹ 556.22 crore, ₹ 426.07 crore and ₹ 425.76 crore, respectively, which constituted 14.61%, 13.47% and 14.16%, respectively, of our consolidated revenue from operations.

HPC Segment

Under our HPC Segment, we manufacture non-ionic surfactants which are used as concentrates in shampoo, hand-wash, dish-wash and oral care. In Fiscals 2018, 2017 and 2016, consolidated revenues from our HPC Segment amounted to ₹ 264.35 crore, ₹ 168.10 crore and ₹ 150.47 crore, respectively, which constituted 6.95%, 5.31% and 5.00%, respectively, of our consolidated revenue from operations. The Board, on February 8, 2019, has approved a scheme of arrangement for the demerger of our HPC Segment into a separate listed entity. For further details, please see "*—Demerger of our HPC Segment*" on page 151.

Demerger of our HPC Segment

Our home and personal care chemicals business, which constitutes of the HPC Segment, is currently not ROE accretive. In order to create overall value for the shareholders of our Company, our Board has decided to restructure the HPC Segment by demerging into a different entity. We believe that the demerger will allow the management of the demerged entity to focus and adopt relevant strategies necessary for the turning around and promoting growth in HPC Segment. We believe that financial resources will be conveniently raised in accordance with the requirement of the home and personal care business, leading to optimum utilization of resources towards expansion of the home and personal care business. The scheme of arrangement, involving our Company, Arti Surfactants Limited and Nascent Chemical Industries Limited ("**Nascent**") and their respective shareholders has been approved by our Board of Directors in their meeting dated June 28, 2018 ("**Scheme**") and has been filed with the Stock Exchanges, SEBI and NCLT. In accordance with the Scheme, the following are proposed: (a) the demerger of our HPC Segment into Arti Surfactants Limited; and (b) demerger of the chemical manufacturing undertaking of Nascent into our Company. Accordingly, in consideration for the demerger of the chemical manufacturing undertaking of Nascent into our Company, 4,48,591 Equity Shares shall be issued by our Company to the shareholders of Nascent in the ratio of 151 Equity Shares of the Company for every 100 equity shares of face value of ₹ 10 each of Nascent. Our demerger petition has been admitted before the National Company Law Tribunal, Ahmedabad and the next hearing is scheduled for April 2, 2019.

Key financial information

Below is certain of our key financial information on a consolidated basis:

(*₹ in crore except percentages and ratios*)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Revenue from operations	3,806.06	3,163.46	3,006.59	2,907.96	2,632.49
EBITDA	699.12	653.50	572.27	465.70	401.48
Profit after tax	332.96	315.78	256.88	205.88	162.44
Operating cash flows	334.90	470.07	573.58	339.49	315.00
ROCE	17%	20%	20%	19%	19%
ROCE (exc CWIP)	19%	22%	23%	20%	20%
ROE	22%	24%	23%	21%	20%
Debt / equity ratio	1.26	1.10	1.09	1.12	1.19
Net debt / EBITDA ratio	2.93	2.35	2.21	2.51	2.55

From Fiscal 2014 to Fiscal 2018, our revenue from operations grew at a CAGR of 10%, our EBITDA grew at a CAGR of 15% and our profit after tax grew at a CAGR of 20%, each on a consolidated basis.

Below is certain key financial information of our Company on a standalone basis:

(*₹ in crore except percentages and ratios*)

Particulars	**9 month period ended December 31, 2018**	**Fiscal 2018**	**Fiscal 2017**	**Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**
Revenue from operations	3,646.15	3,699.33	3050.22	2,933.63	2,870.65	2,632.78
EBITDA	676.86	656.73	608.41	530.20	456.48	395.50
Profit after tax	344.85	316.44	306.68	252.43	187.80	148.70
Operating cash flows		312.05	410.81	549.77	356.97	292.25
ROCE		16%	19%	20%	19%	19%
ROCE (exc CWIP)		18%	22%	22%	21%	20%
ROE		22%	26%	25%	22%	20%
Debt / equity ratio		1.35	1.18	1.17	1.25	1.33
Net debt / EBITDA ratio		3.08	2.50	2.36	2.57	2.59

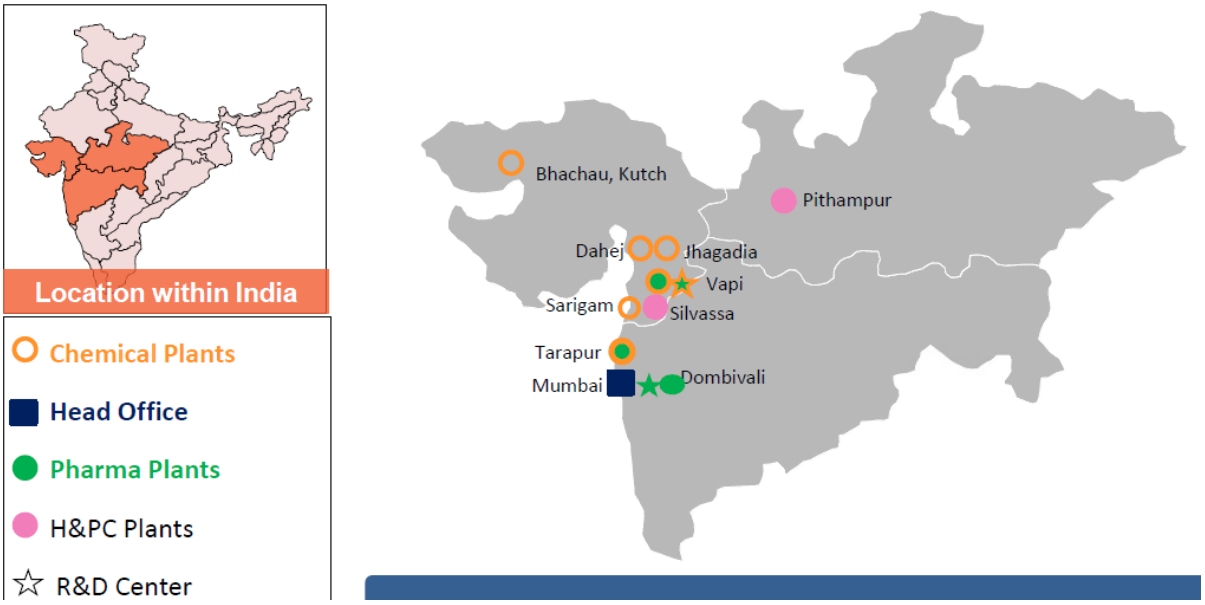
From Fiscal 2014 to Fiscal 2018, our revenue from operations grew at a CAGR of 9%, our EBITDA grew at a CAGR of 14% and our profit after tax grew at a CAGR of 21%, each on a standalone basis.

Below is a geographical split of our revenue from operations in Fiscal 2018:

Geography	**% of revenue from operations for Fiscal 2018**
India	55.58
Europe	15.13
North America	10.41
China	4.12
Japan	4.06
Rest of the world	10.70

Manufacturing facilities and R&D Facilities

Following is a map depicting our manufacturing facilities and R&D Facilities:



We own and operate 17 manufacturing plants, 11 of which are dedicated to our specialty chemicals business, four to our pharmaceutical business and two to our home and personal care business. Two of our pharmaceutical manufacturing plants are USFDA approved facilities and two of our pharmaceutical manufacturing plants are WHO certified, cGMP compliant plants meeting ICH Q7 standards. As at December 31, 2018, 12 of our manufacturing plants are zero liquid discharge plants and we have setup five co-generation plants and five solar power plants at our manufacturing facilities. Of our 17 manufacturing plants, four are located in Maharashtra, 11 in Gujarat and one in Madhya Pradesh at Pithampur and one in the union territory of Dadra and Nagar Haveli at Silvasaa. Additionally, we have over 100 acres of land in Jhagadia available for future development.

We are focused on research and development which is carried at our three dedicated R&D Facilities. Two of our R&D Facilities are dedicated to our pharmaceutical API business and one R&D Facility is dedicated to our specialty chemicals business. As at December 31, 2018, we employed a team of over 170 engineers and scientists at our R&D Facilities.

Upcoming manufacturing facilities and research and development centres

We intend to increase our capacities through the following projects:

- We plan to increase our capacities by expanding our manufacturing facilities at Vapi, Kutch and Tarapur to produce various specialty chemicals, APIs and pharmaceutical intermediaries.
- We plan to set up a chlorination and specialty chemicals complex at our Jhagadia manufacturing facility.
- We plan to expand our capacity for manufacture of nitro chloro benezenes.
- We plan to undertake significant capital expenditure to set up a manufacturing facility in the Dahej special economic zone in Gujarat in order to cater to our new long term contracts.
- We are in the process of setting up a new research and development facility in Navi Mumbai, which is expected to be primarily focused on speciality chemicals.

Raw Materials and Supply Chain

In Fiscals 2018, 2017, 2016, our cost of raw materials amounted to 60.80%, 58.39% and 57.88% of our total expenses, respectively, on a consolidated basis. Total expenses do not include interest and depreciation expenses but include freight

and handling charges and selling expenses. Our primary raw materials include benzene, aniline and toluene, amongst others.

We do not have any material long term agreements with a majority of our customers or suppliers and the success of our business is significantly dependent on maintaining good relationships with our customers and suppliers. Our "pass-through" mechanism in our pricing model helps us pass on the variation in cost of key raw materials to our customers.

Power and fuel

Power and fuel expenses together comprised 5.51%, 4.41% and 4.12% of our total expenses in Fiscals 2018, 2017 and 2016, respectively, on a consolidated basis. As at December 31, 2018, twelve of our manufacturing units are zero liquid discharge facilities and we have setup five co-generation plants and five solar power plants across all the locations of our manufacturing facilities. During the last three Fiscals, an aggregate of ₹ 6.84 crore has been spent on investments in solar energy.

Intellectual Property

We have obtained a number of intellectual property rights to develop customized products, including 9 patents (with 21 under assessment) from authorities in India, USA, Europe and China.

Quality Control

Quality control is essential for the success of a business and we ensure that our products are subject to quality control tests before they are dispatched for delivery to our customers. We have established quality control departments at each of our manufacturing units. Each batch of the manufactured products is subject to quality control tests. The quality control departments ensures quality of raw materials, in-process samples and the finished products. The quality control department ensures compliance with the specifications required by our customers. In order to ensure quality control, regular quality audits are undertaken by our in-house quality control team, third party sources as well as by our customers.

Our products adhere to global quality standards. We have two USFDA-approved facilities. In our Pharmaceuticals Segment, our 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.

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 our manufacturing units have implemented QMS ISO 9001-2008.

Sales and Marketing

Our business is predominantly conducted on a B2B basis and our focus is on maintaining constant contact with customers and to ensure timely delivery. Sales and marketing initiatives is undertaken by the product managers, the business development team and the sales team. We have entered into a number of agreements with customers from short to medium term with volume commitments and which are linked to a formula based pricing structure. The product managers are responsible for ensuring timely supplies, taking new orders, quoting rates and aids in understanding the requirements of the customers. The business development team seek out new geographies and identifies new products, which assists in corporate expansion. The sales teams are segregated by geography and is responsible for the sales of our products at the ground level. As of December 31, 2018, four of our directors are directly involved in marketing and customer relations and who are supported by a team of over 20 personnel.

Customers

Our customers include leading national and multi-national companies. We export our products to over 400 customers globally and over 700 customers in India. In addition to our large customer base, we enjoy long term relationships with several customers spanning over five years. We believe that we have a diversified clientele and are not significantly dependent on a few customers for the success of our business.

Of our consolidated revenue from operations in Fiscal 2018, our largest customer contributed approximately 4%; our top 10 customers contributed to approximately 22%; and our top 20 customers contributed to approximately 32%.

Risk management

We believe that risk management is an integral part of our operations. We believe that it is essential to identify and manage risks in order to reduce uncertainties and ensure continuity of business. We have a risk management framework and risk management team that really implements the processes specified in the framework.

We aim to provide a high degree of safety to our employees, especially at our factories where chemical processes are executed. We undertake regular inspection of our machineries and also undertake periodic maintenance checks on other equipment in order to ensure they meet safety requirements.

Raw material price fluctuations (for our key raw materials) are mitigated through a pass through mechanism; our products typically have a fixed and a variable price component and the variable component is linked to the price of the commodity on international markets. We manage currency risks by hedging through forward contracts.

Exports

We export the products manufactured by us to over 60 countries globally. Some of the key geographies to which we export our products include, the USA, several countries in the European Union and Japan. We believe that our World Health Organisation certified, current good manufacturing practices (cGMP) compliant plants meeting ICH Q7 standards enable us to supply to customers that operate in regulated markets. In Fiscals 2018, 2017 and 2016, consolidated revenue from exports represented 44.43%, 48.14% and 47.61%, respectively, of our consolidated revenue from operations.

Insurance

We maintain insurance coverage that we consider is necessary for our business. Some of the major risks covered for our business assets are against risks relating to fire and special perils for our stock, plant and machinery, marine export and import and certain other losses and damage to buildings, plants, machinery, inventory and office equipment. We also have a directors and officers policy for our directors and senior management.

Competition

We believe that there is no other company in India which offers all the products that we manufacture. However, we face competition from different domestic and global manufacturers for different products that we manufacture. We face competition from foreign companies, especially Chinese and German companies in the manufacture of specialty chemicals.

Human Resources

We place importance on developing our human resources. As of December 31, 2018, we employed a total of 5,100 employees on our rolls.

Environment, Health and Safety

Manufacturing is subject to a number of national and regional laws and regulations. Our offices and manufacturing plants in India are required to comply with several laws governing every aspect of our operations, including compliance with handling of hazardous chemicals, safety of workmen and protection of the environment. We keep ourselves prepared for emergencies through regular emergency drills and safety inspections. To be in a favourable place with European nations, our Company has been REACH compliant since 2012. All our manufacturing units have implemented QMS ISO 9001-2008.

Information Technology

Our IT systems are vital to our business and we have adopted IT policies to assist us in our operations. The key functions of our IT team include establishing and maintaining enterprise information systems and infrastructure services to support our business requirements, maintaining secure enterprise operations. We utilize an enterprise resource planning solution, SAP, which assists us with various business functions including sales distribution, materials management, warehouse management, production planning, quality management, plant maintenance, finance and controlling, environment health and safety, and human resources across all our offices and manufacturing units.

Corporate Social Responsibilities

Our corporate social responsibilities ("CSR") initiatives are focused on cluster and rural development, women empowerment and livelihood opportunities, research and development for upliftment of society, education and skill development, childcare and healthcare facilities, water conservation and environment and disaster relief and rehabilitation. 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Board presently consists of sixteen Directors and as per our Articles of Association, we shall not have less than three Directors and more than twenty Directors. As on the date of this Placement Document, we have seven executive Directors, one non-executive Director and eight independent Directors on our Board.

The following table sets forth details regarding the Board of Directors as on the date of this Placement Document:

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
(1)	**Mr. Rajendra Vallabhaji Gogri** **Address:** 2402, Richmond, Cliff Avenue, Near Forest Club, Hiranandani Gardens, Powai, Mumbai – 400 076 **Occupation**: Business **DIN**: 00061003 **Term**: Re-appointed for a period of five years with effect from July 01, 2018 **Nationality**: Indian	59	Chairman and Managing Director
(2)	**Mr. Rashesh Chandrakant Gogri** **Address:** 1802 Richmond Cliff Avenue, Near Hiranandani School, Hiranandani Gardens, Powai IIT, Mumbai - 400 076 **Occupation**: Business **DIN**: 00066291 **Term**: Re-appointed for a period of five years with effect from June 09, 2017 **Nationality**: Indian	44	Vice-chairman and Managing Director
(3)	**Mr. Shantilal Tejshi Shah** **Address:** 404 Raheja Haven, Prananjali 21/122, Ashok Nagar Soc., N.S. Road No. 10, Near IOB Bank, JVPD scheme, Juhu, Mumbai - 400 049 **Occupation**: Business **DIN**: 00004850 **Term**: Liable to retire by rotation **Nationality**: Indian	80	Vice-chairman, non-executive Director

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
(4)	**Mr. Parimal Hasmukhlal Desai** **Address:** A/1403, 14th Floor, Runwal Heights, L.B.S. Marg, Mulund (West), Mumbai - 400 080 **Occupation**: Business **DIN**: 00009272 **Term**: Liable to retire by rotation **Nationality**: Indian	69	Executive, whole time Director
(5)	**Mr. Manoj Mulji Chheda** **Address:** Dunhill Villa, Besant Road, Santacruz (West), Mumbai – 400 054 **Occupation**: Service **DIN**: 00022699 **Term**: Liable to retire by rotation **Nationality**: Indian	56	Executive, whole time Director
(6)	**Ms. Hetal Gogri Gala** **Address:** 552-B, Gopal Sadan, Block No. 801, 8th Floor, Jamshed Road, Matunga (East), Mumbai – 400 019 **Occupation**: Business **DIN**: 00005499 **Term**: Re-appointed for a period of five years with effect from November 1, 2016 **Nationality**: Indian	43	Executive, whole time Director
(7)	**Mr. Kirit Ratilal Mehta** **Address:** 10, Pushpendra Mansion, Phirojshah Mehta Road, Santacruz (West), Mumbai – 400 054 **Occupation**: Service **DIN**: 00051703 **Term**: Liable to retire by rotation **Nationality**: Indian	70	Executive, whole time Director

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
(8)	**Mr. Renil Rajendra Gogri** **Address:** 2402 Richmond, Cliff Avenue, Near Forest Club, Hiranandani Gardens, Powai IIT, Mumbai – 400 076 **Occupation**: Business **DIN**: 01582147 **Term**: Re-appointed for a period of five years with effect from August 16, 2017 **Nationality**: Indian	31	Executive, whole time Director
(9)	**Mr. Ramdas Maneklal Gandhi** **Address:** 1/1, Shivtirth, 4 Bhulabhai Desai Road, Haji Ali, Mumbai – 400 026 **Occupation**: Professional **DIN**: 00029437 **Term**: Re-appointed for a period of five years with effect from September 27, 2017 **Nationality**: Indian	85	Independent, non-executive Director
(10)	**Mr. Laxmichand Kakubhai Jain** **Address:** 214 B, Natasha Golf View Apt., Inner Ring Road, Domlur Flyover, Domlur, Bangalore North, Bangaluru – 560071 **Occupation**: Professional **DIN**: 00042099 **Term**: Re-appointed for a period of five years with effect from September 27, 2017 **Nationality**: Indian	78	Independent, non-executive Director
(11)	**Mr. Premchandra Amolak Sethi** **Address:** 12-A, Viceroy Park, Tower 'D', Thakur Village, Kandivali (E), Mumbai – 400 101 **Occupation**: Professional **DIN**: 00004038 **Term**: Re-appointed for a period of five years with effect from September 24, 2014 **Nationality**: Indian	74	Independent, non-executive Director

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
(12)	**Mr. KVS Shyamsunder Rammurthy** **Address:** Flat No. 82, Jyeshta, Tarangan Pokhran, Road-I, Thane (W), Thane – 400 606 **Occupation**: Professional **DIN**: 00502621 **Term**: Re-appointed for a period of five years with effect from September 24, 2014 **Nationality**: Indian	76	Independent, non-executive Director
(13)	**Mr. Bhavesh Rasiklal Vora** **Address:** B/702, Kailash Jyot No. 2, Derasar Lane, Rajawadi, Ghatkopar (E), Mumbai – 400 077 **Occupation**: Professional **DIN**: 00267604 **Term**: Re-appointed for a period of five years with effect from September 24, 2014 **Nationality**: Indian	51	Independent, non-executive Director
(14)	**Mr. Ganapati Dadasaheb Yadav** **Address:** Vice Chancellor's Residence, Main Building ICT, Nathalal Parekh Marg, Institute of Chemical Technology, Matunga, Mumbai - 400019 **Occupation**: Professional **DIN**: 02235661 **Term**: Re-appointed for a period of five years with effect from September 24, 2018 **Nationality**: Indian	66	Independent, non-executive Director
(15)	**Ms. Priti Paras Savla** **Address:** 501, Arihant Tower, Near Thane Janta Sahakari Bank, Naupada, B Cabin, Thane - 400 602 **Occupation**: Professional **DIN**: 00662996 **Term**: Re-appointed for a period of five years with effect from September 24, 2018 **Nationality**: Indian	41	Independent, non-executive Director

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
(16)	**Dr. Vinay Gopal Nayak** **Address:** 601, Royal Grace CHS., Lokmanya Tilak Vasahat Road - 2, Behind, Swami Narayan Temple, Dadar (East), Mumbai – 400 014 **Occupation**: Professional **DIN**: 02577389 **Term**: For a period of five years effective from December 18, 2018, subject to receipt of shareholders approval in the ensuing shareholders meeting **Nationality**: Indian	62	Additional, non-executive independent Director

Brief Profiles of our Directors*

Mr. Rajendra Vallabhaji Gogri, is the Chairman and Managing Director of our Company. He has been with the Company since its inception and was appointed as joint Managing Director in 1990. He holds a master's degree in Science (Major in Chemical Engineering) from the IOWA State University of Science and Technology and a bachelor's degree in Chemical Engineering from Institute of Chemical Technology, Mumbai (formerly known as UDCT). He has around 35 years of experience as an entrepreneur in the chemical industry.

Mr. Rashesh Chandrakant Gogri, is the Vice-Chairman and Managing Director of our Company. He has been a whole time Director of our Company since June, 1997. He holds a bachelor's degree in Engineering (in its production branch) from the University of Bombay. He has around 22 years of experience in the chemical industry.

Mr. Shantilal Tejshi Shah, is the Vice-Chairman and non-executive Director of our Company. He has been appointed as the Director of our Company since April, 1990. He holds a bachelors' degree in Commerce from Davar's College. He has an experience of around 29 years in the chemical industry.

Mr. Parimal Hasmukhlal Desai, is an executive, whole time Director of our Company. He has been associated with our Company as a whole time Director since September, 1984. He holds a bachelor's degree in Chemical Engineering from Institute of Chemical Technology, Mumbai (formerly known as UDCT). He has an experience of around 36 years in the chemical industry.

Mr. Manoj Mulji Chheda, is an executive, whole time Director of our Company. He has been associated with our Company as a whole time Director since November, 1993. He holds a bachelor's degree in Commerce from University of Mumbai and has an experience of around 25 years in the chemical industry.

Ms. Hetal Gogri Gala, is an executive, whole time Director of our Company. She has been associated with our Company as a whole time Director since August, 2002. She holds a bachelor's degree in Electronics Engineering from University of Mumbai and has completed the Management Education Programme from Indian Institute of Management, Ahmedabad. She has an experience of around 17 years in the chemical industry.

Mr. Kirit Ratilal Mehta, is an executive, whole time Director of our Company. He has been associated with our Company as a whole time Director since September, 2000. He holds a bachelor's degree in Commerce from Gujarat University and has around 19 years of experience in the chemical industry.

Mr. Renil Rajendra Gogri, is an executive, whole time Director of our Company. He has been associated with our Company as a whole time Director since August, 2012. He holds a bachelor's degree of Technology in Mechanical Engineering from Indian Institute of Technology, Bombay. He has an experience of around 6 years in the chemical industry.

Mr. Ramdas Maneklal Gandhi, is a non-executive, independent Director of our Company. He holds a master's degree in Law from University of Mumbai.

Mr. Laxmichand Kakubhai Jain, is a non-executive, independent Director of our Company. He holds bachelor's degree of Science in Chemical Engineering from Tri-State College, Angola, Indiana and master's degree of Science from Kansas State University.

Mr. Premchandra Amolak Sethi, is a non-executive, independent Director of our Company. He holds a bachelor's degree in commerce from Vikram University, Ujjain and a degree of post graduate diploma in Costing and Management Accounting from Indore University.

Mr. KVS Shyamsunder Rammurthy, is a non-executive, independent Director of our Company. He is a fellow member of the Institute of Chartered Accountants of India and holds a certificate of practice issued by the Institute of Chartered Accountants of India.

Mr. Bhavesh Rasiklal Vora, is a non-executive, independent Director of our Company. He is a fellow member of the Institute of Chartered Accountants of India and holds a certificate of practice issued by the Institute of Chartered Accountants of India.

Mr. Ganapati Dadasaheb Yadav, is a non-executive, independent Director of our Company. He is a Vice Chancellor of Institute of Chemical Technology, Mumbai. He has been admitted as a fellow of the Royal Society of Chemistry and is entitled to use the designatory letters FRSC. He has been awarded with: i) Dr. K Anji Reddy Innovator of the Year Award 2006 by Indian Institute of Chemical Engineers; ii) Vasvik award for the year 1995, in the field of chemical science and technology by Vividhlaxi Audyogik Samshodhan Vikas Kendra; iii) Dr. V. Subrahmanyan Endowment Lecture Award 2018 by Indian Institute of Food Processing Technology; and iv) Padma Shri Award by Government of India in the year 2016. He has been elected as fellow of the National Academy of Sciences, India in 2003.

Ms. Priti Paras Savla, is a non-executive, independent Director of our Company. She is a fellow member of the Institute of Chartered Accountants of India.

Dr. Vinay Gopal Nayak, is an additional, non-executive, independent Director of our Company.

**Details included in the profiles of Directors have been taken from back-up documents, wherever available and affidavits provided by the respective Directors. For further details please see "Risk Factors - Some of our corporate records, statutory filings and records pertaining to educational qualifications of our Senior Management are lost or are not traceable in relation to certain disclosures made in this Placement Document" on page 52.*

Relationship between Directors

Except as disclosed below, none of our Directors are related to each other.

Name of the Directors	Relationship
Mr. Rajendra Vallabhaji Gogri and Mr. Renil Rajendra Gogri	Father and son
Mr. Rashesh Chandrakant Gogri and Ms. Hetal Gogri Gala	Brother and sister

Interest of our Directors and Promoters

Except as stated below and in "*Related Party Transactions*" on page 82, our Directors do not have any other interest in our Company or its business.

All of our Directors may be deemed to be interested to the extent of their remuneration, commission, sitting fees, reimbursement of expenses and other benefits to which they are entitled as per their terms of appointment.

All of our Directors may also be regarded as interested in any Equity Shares held by them or their relatives and also to the extent of any dividend and other distributions payable in respect of such Equity Shares held by them or their relatives. All Directors and Promoters may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Further, certain of our Directors may also be deemed to be interested to the extent any benefit arising out of contracts, agreements/ arrangements or transactions entered into or to be entered into by our Company with companies in which they are interested as directors or members. For further details, see "*Financial Statements*" on page 227.

Except as otherwise stated in this Placement Document, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Placement Document in which any of our Directors are interested, directly or indirectly, and no payments have been made or proposed to be made to them in respect of any such contracts, agreements or arrangements.

As on the date of this Placement Document, none of the Directors or the Promoters have availed of any loan from our Company. Further, our Company has not availed any loans from the Directors which are currently outstanding.

Borrowing Powers of the Board

In accordance with the shareholders' resolution dated September 21, 2018 and subject to the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board is authorised to borrow money upon such terms and conditions as the Board may think fit, and such sum or sums of money to be borrowed, together with the money already borrowed by the Company, may exceed the aggregate of our paid up capital and free reserves, including securities premium provided that the aggregate amount of its borrowings shall not exceed ₹ 3,500 crores over and above the aggregate paid up capital and free reserves of our Company at any time.

Shareholding of the Directors

The following table sets forth the shareholding of the Directors as of December 31, 2018:

Name of Director	Designation	No. of Equity Shares	Percentage of Equity Shares to total paid up capital
Mr. Rajendra Vallabhaji Gogri	Chairman and Managing Director	30,74,900	3.78%
Mr. Rashesh Chandrakant Gogri	Vice-chairman and Managing Director	53,34,404	6.56%
Mr. Shantilal Tejshi Shah	Vice-Chairman, Non-executive Director	17,15,294	2.11%
Mr. Parimal Hasmukhlal Desai	Executive, Whole Time Director	3,09,304	0.38%
Mr. Manoj Mulji Chheda	Executive, Whole Time Director	9,40,969	1.16%
Ms. Hetal Gogri Gala	Executive, Whole Time Director	46,15,548	5.68%
Mr. Kirit Ratilal Mehta	Executive, Whole Time Director	33,211	0.04%
Mr. Renil Rajendra Gogri	Executive, Whole Time Director	34,29,752	4.22%
Mr. Ramdas Maneklal Gandhi	Independent, Non-executive Director	9,532	0.01%
Mr. Laxmichand Kakubhai Jain	Independent, Non-executive Director	16,550	0.02%
Mr. Premchandra Amolak Sethi	Independent, Non-executive Director	Nil	Nil
Mr. KVS Shyamsunder Rammurthy	Independent, Non-executive Director	Nil	Nil
Mr. Bhavesh Rasiklal Vora	Independent, Non-executive Director	Nil	Nil
Mr. Ganapati Dadasaheb Yadav	Independent, Non-executive Director	1,200	Negligible
Ms. Priti Paras Savla	Independent, Non-executive Director	Nil	Nil

Name of Director	Designation	No. of Equity Shares	Percentage of Equity Shares to total paid up capital
Dr. Vinay Gopal Nayak	Independent, Non-executive Director	Nil	Nil

Terms of appointment of the Executive Directors

The terms of appointment of Mr. Rajendra Vallabhaji Gogri are as follows:

Mr. Rajendra Vallabhaji Gogri has been re-appointed as the Managing Director of our Company for a term of five years with effect from July 1, 2018, pursuant to the resolution dated August 11, 2017 passed by the Board of Directors and resolution dated September 27, 2017 passed by the shareholders of our Company. He is entitled to a salary of ₹ 66,00,000 per annum. He is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

In addition to the salary and commission he is also entitled to perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mr. Rashesh Chandrakant Gogri are as follows:

Mr. Rashesh Chandrakant Gogri has been re-appointed as the Managing Director of our Company for a term of five years with effect from June 9, 2017, pursuant to the resolution dated May 19, 2017 passed by the Board of Directors and resolution dated September 27, 2017 passed by the shareholders of our Company. He is entitled to a salary of ₹ 66,00,000 per annum. He is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

In addition to the salary and commission he is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mr. Parimal Hasmukhlal Desai are as follows:

Mr. Parimal Hasmukhlal Desai has been re-appointed as the executive, whole time Director of our Company, pursuant to resolution dated September 21, 2018 passed by the shareholders of our Company. He is entitled to a salary of ₹ 57,00,000 per annum. He is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under

Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

In addition to the salary and commission he is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mr. Manoj Mulji Chheda are as follows:

Mr. Manoj Mulji Chheda has been re-appointed as the executive, whole time Director of our Company, pursuant to resolution dated September 27, 2017 passed by the shareholders of our Company. He is entitled to a salary of ₹ 57,00,000 per annum. He is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

In addition to the salary and commission he is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mrs. Hetal Gogri Gala are as follows:

Mrs. Hetal Gogri Gala has been re-appointed as the whole time Director and has been designated as an executive Director of our Company for a term of five years with effect from November 1, 2016, pursuant to the resolution dated May 6, 2016 passed by the Board of Directors and resolution dated September 30, 2016 passed by the shareholders of our Company. She is entitled to a salary of ₹ 57,00,000 per annum. She is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

In addition to the salary and commission she is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

She is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such

perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mr. Kirit Ratilal Mehta are as follows:

Mr. Kirit Ratilal Mehta has been re-appointed as the executive, whole time Director of our Company, pursuant to resolution dated September 27, 2017 passed by the shareholders of our Company. He is entitled to a salary of ₹ 40,00,000 per annum.

In addition to the salary he is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

The terms of appointment of Mr. Renil Rajendra Gogri are as follows:

Mr. Renil Rajendra Gogri has been re-appointed as the whole time Director and has been designated as an executive Director of our Company for a term of five years with effect from August 16, 2017, pursuant to the resolution dated May 19, 2017 passed by the Board of Directors and resolution dated September 27, 2017 passed by the shareholders of our Company. He is entitled to a salary of ₹ 48,00,000 per annum. He is also entitled to a commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013. Share of such commission payable to him shall be determined by the Board of the Company. The commission will be calculated and payable every quarter on quarterly net profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis is subject to adjustment for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

In addition to the salary and commission he is also entitled to certain perquisites/ allowances that includes house rent allowance, reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to national pension scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

He is also entitled to certain perquisites which are not included in the computation of the ceiling on remuneration. Such perquisites include contribution to provident fund, contributions to superannuation fund or annuity fund as per the rules of the Company, gratuity and leave encashment.

Compensation of the Directors

Executive Directors

The following table sets forth the total remuneration (including salary, commission and other benefits) paid by our Company to the present executive directors for nine months period ending December 31, 2018, Fiscal Year 2018, Fiscal Year 2017 and Fiscal Year 2016:

(In ₹ crores)

Total Remuneration (including salary, commission and other benefits)				
Name of Executive Director	**Till December 31, 2018**	**Fiscal Year 2018**	**Fiscal Year 2017**	**Fiscal Year 2016**
Mr. Rajendra Vallabhaji Gogri	2.99	3.16	2.69	2.39
Mr. Rashesh Chandrakant Gogri	2.99	3.16	2.69	2.39

Total Remuneration (including salary, commission and other benefits)				
Name of Executive Director	**Till December 31, 2018**	**Fiscal Year 2018**	**Fiscal Year 2017**	**Fiscal Year 2016**
Mr. Parimal Hasmukhlal Desai	0.94	1.09	0.95	0.86
Mr. Manoj Mulji Chheda	0.94	1.09	0.95	0.86
Ms. Hetal Gogri Gala	2.80	2.95	2.51	2.23
Mr. Kirit Ratilal Mehta	0.34	0.43	0.36	0.31
Mr. Renil Rajendra Gogri	1.56	1.63	1.37	1.22

Non-Executive Directors

The following table sets forth the compensation paid by our Company to our non-executive Directors in the Fiscal Year 2019 (till December 31, 2018) and for Fiscal Years 2018, 2017 and 2016:

(In ₹ crores)

Total Remuneration				
Name of Director	**Till December 31, 2018**	**Fiscal Year 2018**	**Fiscal Year 2017**	**Fiscal Year 2016**
Mr. Shantilal Tejshi Shah	0.02	0.02	0.03	0.03
Mr. Laxmichand Kakubhai Jain	0.02	0.02	0.01	0.01
Mr. Premchandra Amolak Sethi	0.00	0.02	0.01	0.02
Mr. KVS Shyamsunder Rammurthy	0.03	0.02	0.01	0.02
Mr. Bhavesh Rasiklal Vora	0.02	0.02	0.01	0.01
Mr. Ganapati Dadasaheb Yadav	0.00	0.01	0.00	0.01
Mr. Ramdas Maneklal Gandhi	0.02	0.02	0.01	0.02
Ms. Priti Paras Savla	0.03	0.01	0.00	0.01
Dr. Vinay Gopal Nayak	NIL	Nil	Nil	Nil

Key Management Personnel and Senior Management of our Company

The following table sets forth the details of the Key Management Personnel of our Company:

Name of the Key Managerial Personnel	Designation
Mr. Rajendra Vallabhaji Gogri	Chairman and Managing Director
Mr. Rashesh Chandrakant Gogri	Vice-chairman and Managing Director
Mr. Chetan Gandhi	Chief Financial Officer
Mr. Raj Sarraf	Company Secretary and Compliance Officer

The following table sets forth the details of the Senior Management Personnel of our Company:

Name of the Senior Management Personnel	Designation
Mr. Kallada Krishnan Sathiababu	Vice President
Mr. Ajay Kumar Gupta	Senior Vice President - Corporate Head – Safety, Health and Enviornment
Dr. Kiritkumar Haribhai Desai	Vice President - R&D and Quality Control

Name of the Senior Management Personnel	Designation
Mr. Himanshu Bhavsar	General Manager
Mr. Shyam Dhekekar	Senior Vice President - Process and Technology
Mr. Bhautik Mehta	Deputy General Manager, CEO Office
Mr. Sandip Chakraborty	Senior Vice President - Zone-2 Head
Mr. Satish Chavan	Senior Vice President - Zone-1 Head
Mr. Adwait Thakre	Senior Vice President - Zone-3 Head
Mr. Manoj Sharma	Senior Vice President - Chief Human Resource Officer
Mr. Mirik R. Gogri	Head Corporate Strategy
Mr. Nikhil P. Desai	General Manager- Business Development
Mr. Narendra Salvi	Head Operations - Pharma
Mr. Chetan Gandhi	Chief Financial Officer
Mr. Raj Sarraf	Company Secretary and Compliance Officer

Brief Profiles of our Key Managerial Personnel

Mr. Rajendra Vallabhaji Gogri, aged 59, is the Chairman and Managing Director of our Company. For further details, see "*—Brief Profiles of our Directors*" on page 161.

Mr. Rashesh Chandrakant Gogri, aged 44, is the Vice-Chairman and Managing Director of our Company. For further details, see "*—Brief Profiles of our Directors*" on page 161.

Mr. Chetan Gandhi, aged 40, is the Chief Financial Officer of our Company. He has been associated with our Company since July 22, 2001 and has been our Company's Chief Financial Officer since May 30, 2014. He is member of the Institute of Chartered Accountants of India.

Mr. Raj Sarraf, aged 44, is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company since November 16, 2017. He holds a bachelor's degree in science from Doctor Harisingh Gour Vishwavidyala, Sagar. He holds a bachelor's degree in law (honours) from the Devi Ahilya Vishwavidyala, Indore and is a member of the Institute of Company Secretaries of India.

Brief Profiles of our Senior Management Personnel

Mr. Kallada Krishnan Sathiababu, aged 57, is the Vice President of our Company. He holds a degree of B.Tech.in chemical engineering from the University of Calicut. He has been associated with our Company since April 1, 1986.

Mr. Ajay Kumar Gupta, aged 55, is the Senior Vice President - Corporate Head – Safety, Health and Enviornment. He has been associated with our Company since September 21, 2018. He holds a degree of Bachelor of Technology in chemical engineering from the University of Kanpur.

Dr. Kiritkumar Haribhai Desai, aged 58, is the Vice President - R&D and Quality Control. He has been associated with our Company since July 18, 1991. He holds a degree of Doctor of Philosophy (applied chemistry) from the Maharaja Sayajirao University of Baroda.

Mr. Himanshu Bhavsar, aged 33, is the General Manager of our Company. He has been associated with our Company since June 10, 2013. He holds a degree of Bachelor of Technology in chemical engineering from the Indian Institute of Technology, Bombay.

Mr. Shyam Dhekekar, aged 43, is the Senior Vice President - Process and Technology. He has been associated with our Company since June 10, 1997.

Mr. Bhautik Mehta, aged 31, is the Deputy General Manager, CEO Office. He has been associated with our Company since December 3, 2012. He holds a degree of Bachelor of Technology in chemical engineering from the Indian Institute of Technology, Bombay.

Mr. Sandip Chakraborty, aged 50, is the Senior Vice President - Zone-2 Head. He has been associated with our Company since October 23, 2017. He holds a degree of Bachelor of Technology (Honours) in mechanical engineering from the Indian Institute of Technology, Kharagpur and post graduate certificate in Business Management from XLRI,

Jamshedpur.

Mr. Satish Chavan, aged 58, is the Senior Vice President - Zone-1 Head. He holds a degree of Bachelor of Science (Technology) from the University of Bombay. He has been associated with our Company since June 19, 2017.

Mr. Adwait Thakre, aged 56, is the Senior Vice President - Zone-3 Head. He has been associated with our Company since January 1, 2018. He holds a bachelor's degree in Technology (in Chemical Engineering) from Nagpur University and a master's degree in Chemical Engineering from the University of Bombay.

Mr. Manoj Sharma, aged 49, is the Senior Vice President - Chief Human Resource Officer. He has been associated with our Company since October 9, 2018.

Mr. Mirik Gogri, aged 28, is the Head Corporate Strategy. He has been associated with our Company since July 1, 2013. He holds a bachelor's degree of Technology in Metallurgical Engineering and Materials Science and a master's degree of Technology in Metallurgical Engineering and Materials Science from Indian Institute of Technology Bombay.

Mr. Nikhil Desai, aged 40, is the General Manager- Business Development. He has been associated with our Company since October 1, 2011.

Mr. Narendra Salvi, aged 54, is the Head Operations – Pharma. He has been associated with our Company since January 10, 2001.

Mr. Chetan Gandhi, aged 40, is the Chief Financial Officer of our Company. For further details, please see "*—Brief Profiles of our Key Managerial Personnel*" on page 168

Mr. Raj Sarraf, aged 44, is the Company Secretary and Compliance Officer of our Company. For further details, please see "*—Brief Profiles of our Key Managerial Personnel*" on page 168

Shareholding details of the Key Managerial Personnel and Senior Management Personnel in our Company as on December 31, 2018

Name of person forming part of the Key Managerial Personnel / Senior Management Personnel	Designation	No. of Equity Shares	Percentage of Equity Shares to total paid up capital
Mr. Rajendra Vallabhaji Gogri	Chairman and Managing Director	30,74,900	3.78%
Mr. Rashesh Chandrakant Gogri	Vice-chairman and Managing Director	53,34,404	6.56%
Mr. Chetan Gandhi	Chief Financial Officer	130	Negligible
Mr. Raj Sarraf	Company Secretary and Compliance Officer	50	Negligible
Mr. Kallada Krishnan Sathiababu	Vice President	10	Negligible
Mr. Ajay Kumar Gupta	Senior Vice President - Corporate Head – Safety, Health and Enviornment	0	Nil
Dr. Kiritkumar Haribhai Desai	Vice President - R&D and Quality Control	50	Negligible
Mr. Himanshu Bhavsar	General Manager	10	Negligible
Mr. Shyam Dhekekar	Senior Vice President - Process and Technology	244	Negligible
Mr. Bhautik Mehta	Deputy General Manager, CEO Office	0	Nil
Mr. Sandip Chakraborty	Senior Vice President - Zone-2 Head	0	Nil
Mr. Satish Chavan	Senior Vice President - Zone-1 Head	40	Negligible
Mr. Adwait Thakre	Senior Vice President - Zone-3	0	Nil

Name of person forming part of the Key Managerial Personnel / Senior Management Personnel	Designation	No. of Equity Shares	Percentage of Equity Shares to total paid up capital
	Head		
Mr. Manoj Sharma	Senior Vice President - Chief Human Resource Officer	0	Nil
Mr. Mirik R. Gogri	Head Corporate Strategy	35,01,834	4.31%
Mr. Nikhil P. Desai	General Manager- Business Development	7,81,010	0.96%
Mr. Narendra Salvi	Head Operations – Pharma	0	Nil

For the shareholding of Mr. Rajendra Vallabhaji Gogri, who is also the Chairman and Managing Director of our Company and of Mr. Rashesh Chandrakant Gogri, who is also the Vice-chairman and Managing Director please see "— *Shareholding of the Directors*" on page 163.

Relationship among our Key Managerial Personnel

None of our Key Managerial Personnel are related to each other

Interest of our Key Managerial Personnel and Senior Management Personnel

Except as stated below and in "*Related Party Transactions*" on page 82, our Key Managerial Personnel and Senior Management Personnel do not have any other interest in our Company or its business.

For details of the interest of Mr. Rajendra Vallabhaji Gogri and Mr. Rashesh Chandrakant Gogri, who are also the Directors of our Company, please see "*–Interest of our Directors and Promoters*" on page 162.

Our Key Managerial Personnel and Senior Management Personnel do not have any other interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them and/or their dependants in our Company, if any.

Other than as disclosed in this Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Key Management Personnel or the Senior Management Personnel are interested.

None of the Key Management Personnel or Senior Management Personnel has taken any loans from our Company. Further, our Company has not availed any loans from the Key Management Personnel or the Senior Management Personnel which are currently outstanding.

Corporate governance

Our Company is in compliance with corporate governance requirements under the Companies Act, 2013 and the SEBI LODR Regulations.

Committees of the Board of Directors

In accordance with the requirements of the provisions of the Companies Act, 2013 and the provisions of the SEBI LODR Regulations, our Board has constituted various committees as detailed below:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. CSR Committee; and
5. Risk Management Committee.

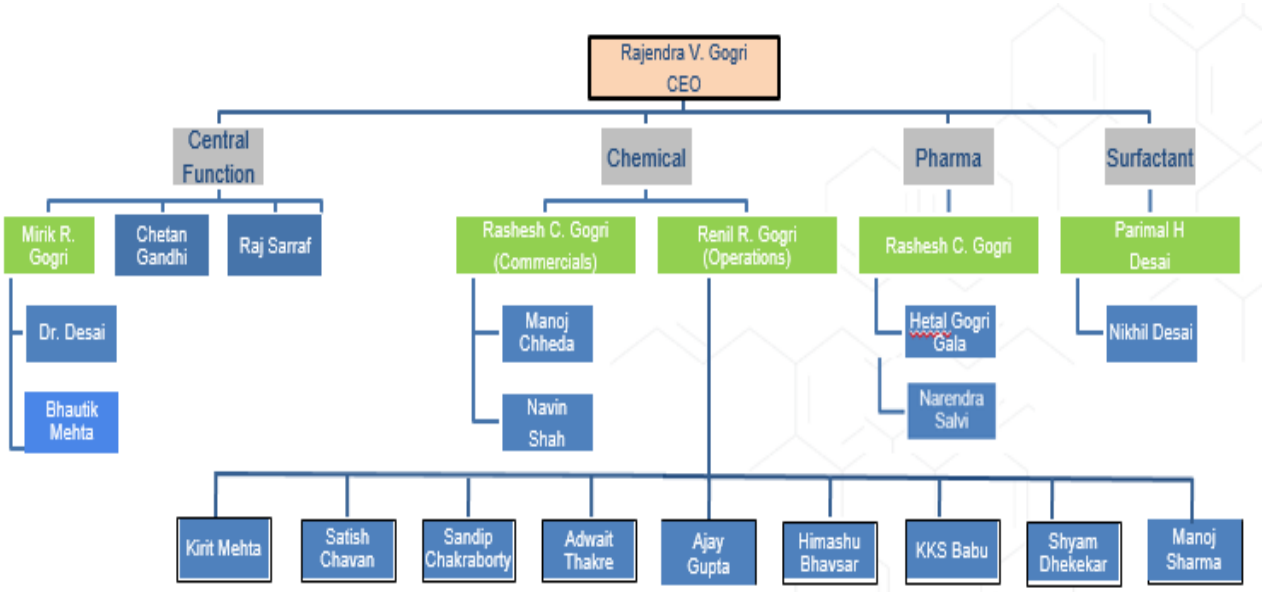
Additionally, the Board of Directors of our Company have also constituted the following committees:

6. Fund Raising Committee; and
7. Finance and Investment Committee.

The following table sets forth the members of the aforesaid committees as of the date of this Placement Document:

Sr. No	Name of Committee	Members
1.	Audit Committee	a. Mr. KVS Shyamsunder Rammurthy (Chairman); b. Mr. Rajendra Vallabhaji Gogri; c. Mr. Rashesh Chandrakant Gogri; d. Mr. Parimal Hasmukhlal Desai; e. Mr. Laxmichand Kakubhai Jain; f. Mr. Premchandra Amolak Sethi; g. Mr. Ramdas Maneklal Gandhi; h. Ms. Priti Paras Savla; and i. Mr. Bhavesh Rasiklal Vora
2.	Nomination and Remuneration Committee	a. Mr. Ramdas Maneklal Gandhi (Chairman); b. Mr. Rajendra Vallabhaji Gogri; c. Mr. Premchandra Amolak Sethi; and d. Mr. KVS Shyamsunder Rammurthy
3.	Stakeholders Relationship Committee	a. Mr. Shantilal Tejshi Shah (Chairman); b. Mr. Rashesh Chandrakant Gogri; c. Mr. Rajendra Vallabhaji Gogri; d. Mr. Manoj Mulji Chheda; e. Ms. Hetal Gogri Gala; and f. Mr. KVS Shyamsunder Rammurthy
4.	CSR Committee	a. Mr. Ramdas Maneklal Gandhi (Chairman); b. Mr. KVS Shyamsunder Rammurthy; c. Ms. Hetal Gogri Gala; d. Mr. Shantilal Tejshi Shah; and e. Mr. Kirit Ratilal Mehta
5.	Risk Management Committee	a. Mr. Rajendra Vallabhaji Gogri (Chairman); b. Mr. Rashesh Chandrakant Gogri; c. Ms. Hetal Gogri; d. Mr. Renil Rajendra Gogri; e. Mr. Chetan Gandhi; f. Mr. Ajay Kumar Gupta; and g. Mr. Narendra Salvi
6.	Fund Raising Committee	a. Mr. Rajendra Vallabhaji Gogri (Chairman); b. Mr. Rashesh Chandrakant Gogri; and c. Mr. KVS Shyamsunder Rammurthy
7.	Finance and Investment Committee	a. Mr. Rajendra Vallabhaji Gogri (Chairman); b. Mr. Rashesh Chandrakant Gogri; c. Mr. Shantilal Tejshi Shah; d. Mr. Parimal Hasmukhlal Desai; e. Mr. Manoj Mulji Chheda; f. Ms. Hetal Gogri Gala; and g. Mr. Renil Rajendra Gogri

Organization Structure of our Company



Policy on disclosures and internal procedure for prevention of insider trading

Chapter IV of the SEBI Insider Trading Regulations applies to our Company and its employees and requires our Company to implement codes of fair disclosure and conduct for the prevention of insider trading. Our Company has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Insider Trading Regulations.

Other confirmations

Except as otherwise stated in this Placement Document, none of the Directors, or the Promoters, or any Key Managerial Personnel of our Company have any financial or other material interest in this Issue.

Neither our Company, nor any of our Promoters or Directors have been identified as wilful defaulters, as defined in the SEBI ICDR Regulations.

Neither our Promoters nor our Directors have been declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.

As on the date of the Placement Document, our Company has no subsisting employee stock option plans.

PRINCIPAL SHAREHOLDERS

The shareholding pattern of our Company as of December 31, 2018 is as follows:

1. *The summary statement showing the holding of specified securities of our Company as of December 31, 2018, is herein below:*

Category (I)	Category of Shareholder (II)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. of shares held (VII) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg: X	Class eg: y	Total	Total as a % of (A+B+C)							
(A)	Promoter & Promoter Group	39	4,28,73,963	0	0	4,28,73,963	52.74	4,28,73,963	0	4,28,73,963	52.74	0	52.74	0	0.00	0	0	4,28,73,963
(B)	Public	28,508	3,84,26,037	0	0	3,84,26,037	47.26	3,84,26,037	0	3,84,26,037	47.26	0	47.26	0	0.00	NA	NA	3,74,70,896
(C)	Non promoter-Non Public	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0.00	NA	NA	0
C(1)	Shares underlying DRs	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0.00	NA	NA	0
C(2)	Shares held by Employee Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0	0	0.00	NA	NA	0
	Total	**28,547**	**8,13,00,000**	**0**	**0**	**8,13,00,000**	**100.00**	**8,13,00,000**	**0**	**8,13,00,000**	**100.00**	**0**	**100**	**0**	**0.00**	**0**	**0**	**8,03,44,859**

2. *The summary statement showing holding of specified securities of the Promoters and Promoter Group in our Company as of December 31, 2018, is herein below:*

Category (I)	Name of Shareholder (II)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. of shares held (VII) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg: X	Class eg: y	Total	Total as a % of (A+B+C)							
A1)	**INDIAN**																	
a)	**Individuals/Hindu undivided Family**	**28**	**3,56,63,631**	**0**	**0**	**3,56,63,631**	**43.87**	**3,56,63,631**	**0**	**3,56,63,631**	**43.87**	**0**	**43.87**	**0**	**0.00**	**0**	**0.00**	**3,56,63,631**
1.	Rashesh Chandrakant Gogri	1	53,34,404	0	0	53,34,404	6.56	53,34,404	0	53,34,404	6.56	0	6.56	0	0.00	0	0.00	53,34,404
2.	Hetal Gogri Gala	1	46,15,548	0	0	46,15,548	5.68	46,15,548	0	46,15,548	5.68	0	5.68	0	0.00	0	0.00	46,15,548
3.	Mirik Rajendra Gogri	1	35,01,834	0	0	35,01,834	4.31	35,01,834	0	35,01,834	4.31	0	4.31	0	0.00	0	0.00	35,01,834
4.	Renil Rajendra Gogri	1	34,29,752	0	0	34,29,752	4.22	34,29,752	0	34,29,752	4.22	0	4.22	0	0.00	0	0.00	34,29,752
5.	Chandrakant Vallabhaji Gogri	1	31,76,578	0	0	31,76,578	3.91	31,76,578	0	31,76,578	3.91	0	3.91	0	0.00	0	0.00	31,76,578
6.	Rajendra Vallabhaji Gogri	1	30,74,900	0	0	30,74,900	3.78	30,74,900	0	30,74,900	3.78	0	3.78	0	0.00	0	0.00	30,74,900
7.	Arti Rajendra Gogri	1	21,24,277	0	0	21,24,277	2.61	21,24,277	0	21,24,277	2.61	0	2.61	0	0.00	0	0.00	21,24,277
8.	Sarla Shantilal Shah	1	19,25,886	0	0	19,25,886	2.37	19,25,886	0	19,25,886	2.37	0	2.37	0	0.00	0	0.00	19,25,886
9.	Shantilal Tejshi Shah	1	17,15,294	0	0	17,15,294	2.11	17,15,294	0	17,15,294	2.11	0	2.11	0	0.00	0	0.00	17,15,294
10.	Nehal Garewal	1	10,31,136	0	0	10,31,136	1.27	10,31,136	0	10,31,136	1.27	0	1.27	0	0.00	0	0.00	10,31,136
11.	Bhavna Shah Lalka	1	9,42,273	0	0	9,42,273	1.16	9,42,273	0	9,42,273	1.16	0	1.16	0	0.00	0	0.00	9,42,273
12.	Nikhil Parimal Desai	1	7,81,010	0	0	7,81,010	0.96	7,81,010	0	7,81,010	0.96	0	0.96	0	0.00	0	0.00	7,81,010
13.	Aarnav Rashesh Gogri	1	5,50,000	0	0	5,50,000	0.68	5,50,000	0	5,50,000	0.68	0	0.68	0	0.00	0	0.00	5,50,000
14.	Aashay Rashesh Gogri	1	5,50,000	0	0	5,50,000	0.68	5,50,000	0	5,50,000	0.68	0	0.68	0	0.00	0	0.00	5,50,000
15.	Manisha Rashesh Gogri	1	5,50,000	0	0	5,50,000	0.68	5,50,000	0	5,50,000	0.68	0	0.68	0	0.00	0	0.00	5,50,000
16.	Jaya Chandrakant Gogri	1	4,94,494	0	0	4,94,494	0.61	4,94,494	0	4,94,494	0.61	0	0.61	0	0.00	0	0.00	4,94,494
17.	Ratanben Premji Gogri	1	3,77,999	0	0	3,77,999	0.46	3,77,999	0	3,77,999	0.46	0	0.46	0	0.00	0	0.00	3,77,999

Category (I)	Name of Shareholder (II)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. of shares held (VII) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg: X	Class eg: y	Total	Total as a % of (A+B+C)							
18.	Shantilal Tejshi Shah Huf	1	3,69,141	0	0	3,69,141	0.45	3,69,141	0	3,69,141	0.45	0	0.45	0	0.00	0	0.00	3,69,141
19.	Parimal Hasmukhlal Desai	1	3,09,304	0	0	3,09,304	0.38	3,09,304	0	3,09,304	0.38	0	0.38	0	0.00	0	0.00	3,09,304
20.	Rajendra Vallabhaji Gogri (HUF)	1	3,08,274	0	0	3,08,274	0.38	3,08,274	0	3,08,274	0.38	0	0.38	0	0.00	0	0.00	3,08,274
21.	Indira Madan Dedhia	1	1,79,850	0	0	1,79,850	0.22	1,79,850	0	1,79,850	0.22	0	0.22	0	0.00	0	0.00	1,79,850
22.	Desai Tarla Parimal	1	1,12,767	0	0	1,12,767	0.14	1,12,767	0	1,12,767	0.14	0	0.14	0	0.00	0	0.00	1,12,767
23.	Dhanvanti Vallabhaji Gogri	1	88,240	0	0	88,240	0.11	88,240	0	88,240	0.11	0	0.11	0	0.00	0	0.00	88,240
24.	Gunavanti Navin Shah	1	86,642	0	0	86,642	0.11	86,642	0	86,642	0.11	0	0.11	0	0.00	0	0.00	86,642
25.	Heena Bhatia	1	22,001	0	0	22,001	0.03	22,001	0	22,001	0.03	0	0.03	0	0.00	0	0.00	22,001
26.	Prasadi Yogesh Banatwala	1	7,445	0	0	7,445	0.01	7,445	0	7,445	0.01	0	0.01	0	0.00	0	0.00	7,445
27.	Dilip Tejshi Dedhia	1	4,200	0	0	4,200	0.01	4,200	0	4,200	0.01	0	0.01	0	0.00	0	0.00	4,200
28.	Pooja Renil Gogri	1	382	0	0	382	0.00	382	0	382	0.00	0	0.00	0	0.00	0	0.00	382
b)	**Any Other (Specify)**	**10**	**70,79,595**	**0**	**0**	**70,79,595**	**8.71**	**70,79,595**	**0**	**70,79,595**	**8.71**	**0**	**8.71**	**0**	**0.00**	**0**	**0.00**	**70,79,595**
1.	Heena Family Private Trust	1	8,33,859	0	0	8,33,859	1.03	8,33,859	0	8,33,859	1.03	0	1.03	0	0.00	0	0.00	8,33,859
2.	Anushakti Enterprise Private Limited	1	24,92,500	0	0	24,92,500	3.07	24,92,500	0	24,92,500	3.07	0	3.07	0	0.00	0	0.00	24,92,500
3.	Safechem Enterprises Private Limited	1	14,63,000	0	0	14,63,000	1.80	14,63,000	0	14,63,000	1.80	0	1.80	0	0.00	0	0.00	14,63,000
4.	Alchemie Financial Services Limited	1	6,73,006	0	0	6,73,006	0.83	6,73,006	0	6,73,006	0.83	0	0.83	0	0.00	0	0.00	6,73,006
5.	Saswat Trusteeship Private Limited	1	5,00,000	0	0	5,00,000	0.62	5,00,000	0	5,00,000	0.62	0	0.62	0	0.00	0	0.00	5,00,000
6.	Nikhil Holdings Private Limited	1	3,64,302	0	0	3,64,302	0.45	3,64,302	0	3,64,302	0.45	0	0.45	0	0.00	0	0.00	3,64,302
7.	Alchemie Finserv Pvt. Ltd.	1	2,64,105	0	0	2,64,105	0.32	2,64,105	0	2,64,105	0.32	0	0.32	0	0.00	0	0.00	2,64,105
8.	Gogri Finserv Pvt.	1	2,64,105	0	0	2,64,105	0.32	2,64,105	0	2,64,105	0.32	0	0.32	0	0.00	0	0.00	2,64,105

Category (I)	Name of Shareholder (II)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. of shares held (VII) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg: X	Class eg: y	Total	Total as a % of (A+B+C)							
	Ltd.																	
9.	Valiant Organics Limited	1	2,16,400	0	0	2,16,400	0.27	2,16,400	0	2,16,400	0.27	0	0.27	0	0.00	0	0.00	2,16,400
10.	Dilesh Roadlines Pvt Ltd	1	8,318	0	0	8,318	0.01	8,318	0	8,318	0.01	0	0.01	0	0.00	0	0.00	8,318
11.	**Sub Total (A)(1)**	**38**	**4,27,43,226**	**0**	**0**	**4,27,43,226**	**52.57**	**4,27,43,226**	**0**	**4,27,43,226**	**52.57**	**0**	**52.57**	**0**	**0.00**	**0**	**0.00**	**4,27,43,226**
A2)	**FOREIGN**																	
	Individuals (NonResident Individuals/ Foreign Individuals)		**1,30,737**	**0**	**0**	**1,30,737**	**0.16**	**1,30,737**	**0**	**1,30,737**	**0.16**	**0**	**0.16**	**0**	**0.00**	**0**	**0.00**	**1,30,737**
1.	Bhanu Pradip Savla	1	1,30,737	0	0	1,30,737	0.16	1,30,737	0	1,30,737	0.16	0	0.16	0	0.00	0	0.00	1,30,737
	Sub Total (A)(2)	**1**	**1,30,737**	**0**	**0**	**1,30,737**	**0.16**	**1,30,737**	**0**	**1,30,737**	**0.16**	**0**	**0.16**	**0**	**0.00**	**0**	**0.00**	**1,30,737**
	Total Shareholding of Promoter and Promoter Group (A) =(A)(1)+(A)(2)	**39**	**4,28,73,963**	**0**	**0**	**4,28,73,963**	**52.74**	**4,28,73,963**	**0**	**4,28,73,963**	**52.74**	**0**	**52.74**	**0**	**0.00**	**0**	**0.00**	**4,28,73,963**

3. *The summary statement showing holding of specified securities of public shareholders in our Company as of December 31, 2018, is herein below:*

Category (I)	Name of Shareholder (II)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. of shares held VII = IV+ V + VI	Share holding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting rights held in each class of securities (IX)				No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding as a % assuming full conversion of convertible securities (as a pecentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of shares Pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of voting Rights			Total as a % of Total voting rights			No. (a)	As a % of total shares held (b)	No. (a) (not applicable)	As a % of total shares held (b) (Not applicable)	
								Class Eg: X	Class Eg: Y	Total								
(B)(1)	**Institutions**																	
(a)	Mutual funds/UTI	16	1,11,72,357	0	0	1,11,72,357	13.74	1,11,72,357	0	1,11,72,357	13.74	0	13.74	0	0.00	N.A.		1,11,72,357
1.	HDFC Trustee Company Ltd.	1	66,25,586	0	0	66,25,586	8.15	66,25,586	0	66,25,586	8.15	0	8.15	0	0.00	N.A.		66,25,586
2.	L&T Mutual Fund Trustee Limited	1	21,10,768	0	0	21,10,768	2.60	21,10,768	0	21,10,768	2.60	0	2.60	0	0.00	N.A.		21,10,768
3.	DSP Small Cap Fund	1	16,48,006	0	0	16,48,006	2.03	16,48,006	0	16,48,006	2.03	0	2.03	0	0.00	N.A.		16,48,006
(b)	Alternate Investment Funds	9	4,58,589	0	0	4,58,589	0.56	4,58,589	0	4,58,589	0.56	0	0.56	0	0.00	N.A.		4,58,589
(c)	Foreign Portfolio Investors	89	36,19,829	0	0	36,19,829	4.45	36,19,829	0	36,19,829	4.45	0	4.45	0	0.00	N.A.		36,19,829
(d)	Financial Institutions/Banks	2	30,596	0	0	30,596	0.04	30,596	0	30,596	0.04	0	0.04	0	0.00	N.A.		30,596
	Sub Total (B)(1)	**116**	**1,52,81,371**	**0**	**0**	**1,52,81,371**	**18.80**	**1,52,81,371**	**0**	**1,52,81,371**	**18.80**	**0**	**18.80**	**0**	**0.00**	**N.A.**		**1,52,81,371**
(B)(2)	**Central Government/State Government(s)/President of India**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**N.A.**		**0**
(B)(3)	**Non-Institutions**							**0**										
(a)	Individual share capital upto ₹ 2 lakhs	26,257	99,35,707	0	0	99,35,707	12.22	99,35,707	0	99,35,707	12.22	0	12.22	0	0.00	N.A.		89,81,166
(b)	Individual share capital in excess of ₹ 2 lakhs	60	1,06,89,292	0	0	1,06,89,292	13.15	1,06,89,292	0	1,06,89,292	13.15	0	13.15	0	0.00	N.A.		1,06,89,292
1.	Manoj Chheda	1	9,40,969	0	0	9,40,969	1.16	9,40,969	0	9,40,969	1.16	0	1.16	0	0.00	N.A.		9,40,969
2.	Tarla Kishorekumar Shah	1	8,35,758	0	0	8,35,758	1.03	8,35,758	0	8,35,758	1.03	0	1.03	0	0.00	N.A.		8,35,758
(c)	NBFCs registered with RBI	4	11,230	0	0	11,230	0.01	11,230	0	11,230	0.01	0	0.01	0	0.00	N.A.		11,230
(d)	Any Other (specify)	2,071	25,08,437	0	0	25,08,437	3.09	25,08,437	0	25,08,437	3.09	0	3.09	0	0.00	N.A.		25,07,837
1.	IEPF	1	2,56,266	0	0	2,56,266	0.32	2,56,266	0	2,56,266	0.32	0	0.32	0	0.00	N.A.		2,56,266
2.	Trusts	8	12,914	0	0	12,914	0.02	12,914	0	12,914	0.02	0	0.02	0	0.00	N.A.		12,914
3.	Foreign Nationals	2	586	0	0	586	0.00	586	0	586	0.00	0	0.00	0	0.00	N.A.		586

Category (I)	Name of Shareholder (II)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. of shares held VII = IV+ V + VI	Share holding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting rights held in each class of securities (IX)				No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding as a % assuming full conversion of convertible securities (as a pecentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of shares Pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of voting Rights			Total as a % of Total voting rights			No. (a)	As a % of total shares held (b)	No. (a) (not applicable)	As a % of total shares held (b) (Not applicable)	
								Class Eg: X	Class Eg: Y	Total								
4.	HUF	641	5,71,490	0	0	5,71,490	0.70	5,71,490	0	5,71,490	0.70	0	0.70	0	0.00	N.A.		5,71,490
5.	Non-resident Indian ("**NRI**")	801	5,93,074	0	0	5,93,074	0.73	5,93,074	0	5,93,074	0.73	0	0.73	0	0.00	N.A.		5,92,474
6.	Clearing Members	116	65,538	0	0	65,538	0.08	65,538	0	65,538	0.08	0	0.08	0	0.00	N.A.		65,538
7.	Bodies Corporate	502	10,08,569	0	0	10,08,569	1.24	10,08,569	0	10,08,569	1.24	0	1.24	0	0.00	N.A.		10,08,569
	Sub Total (B)(3)	**28,392**	**2,31,44,666**	**0**	**0**	**2,31,44,666**	**28.47**	**2,31,44,666**	**0**	**2,31,44,666**	**28.47**	**0**	**28.47**	**0**	**0.00**	N.A.		**2,21,89,525**
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	**28,508**	**3,84,26,037**	**0**	**0**	**3,84,26,037**	**47.26**	**3,84,26,037**	**0**	**3,84,26,037**	**47.26**	**0**	**47.26**	**0**	**0.00**	**N.A.**		**3,74,70,896**

4. *The summary statement showing holding of specified securities of non-Promoter non-public shareholders in our Company as of December 31, 2018, is herein below:*

Category (I)	Name of Shareholder (II)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	Partly paid- up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total shares held VII = IV+ V + VI	Share holding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting rights held in each class of securities (IX)				No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding as a % assuming full conversion of convertible securities (as a pecentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of shares Pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of voting Rights			Total as a % of Total voting rights			No. (a)	As a % of total shares held (b)	No. (a) (not applicable)	As a % of total shares held (b) (Not applicable)	
								Class Eg: X	Class Eg: Y	Total								
C(1)	Custodian/DR Holder	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	N.A.		0
C(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations,2014)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	N.A.		0
	Total non-Promoter non-Public shareholding (C) = C(1) + C(2)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	N.A.		0

5. *Details of disclosures made by the trading members holding 1% or more of the total no. of Equity Shares of the Company:* **Nil**

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have appraised themselves of any such changes from our Company or the GCBRLMs. Investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the GCBRLMs and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company and the GCBRLMs and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. See the sections "*Selling Restrictions*" *and* "*Transfer Restrictions*" *on pages 192 and 198, respectively.*

Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and Section 62 of the Companies Act, 2013, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a listed company may issue equity shares to QIBs provided that certain conditions are met by such company.

Additionally, there is a minimum pricing requirement for pricing the equity shares offered in a QIP under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, a discount of up to five percent of the Floor Price is permitted in accordance with the provisions of the SEBI ICDR Regulations.

The "Relevant Date" referred to above, for Allotment, will be the date of the meeting in which the Board or committee of Directors duly authorised by the Board decides to open the Issue and "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the Relevant Date.

Our Company has applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1) of the SEBI LODR Regulations for the listing of the Equity Shares on the Stock Exchanges on March 18, 2019. Our Company has also delivered a copy of the Preliminary Placement Document and this Placement Document to the Stock Exchanges and application for listing and trading for the Equity Shares shall be made after the Allotment of Equity Shares.

Our Company shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, each as amended.

The Issue has been authorised by (i) the Board pursuant to a resolution passed on November 1, 2018 and (ii) the shareholders resolution passed through postal ballot on January 14, 2019.

The Equity Shares issued pursuant to the Issue must be issued on the basis of the Preliminary Placement Document and this Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of allottees for each QIP shall at least be:

- two, where the issue size is less than or equal to ₹ 250 crores; and
- five, where the issue size is greater than ₹ 250 crores.

No single allottee shall be allotted more than 50% of the issue size. QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control" see "- *Application Process – Submission of Application Form*" on page 185.

The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or any state securities laws of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see the sections "*Selling Restrictions*" and "*Transfer Restrictions*" beginning on pages 192 and 198, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. Our Company, in consultation with the GCBRLMs has identified QIBs and circulated serially numbered, specifically addressed copies of the PPD cum Application Form either in electronic form or physical form to such QIBs. In terms of section 42(3) of the Companies Act, 2013, our Company shall maintain records of the QIBs to whom the PPD cum Application Form have been dispatched.

2. The list of QIBs to whom the PPD cum Application Form has been delivered was determined by our Company in consultation with the GCBRLMs.

3. **Unless a serially numbered PPD cum Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB to make an offer to subscribe to Equity Shares pursuant to the Issue.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

4. The duly completed Application Form and a copy of the PAN card were required to be submitted to the GCBRLMs.

5. QIBs could submit an Application Form, including any revisions thereof, during the Bidding Period to the GCBRLM.

6. Bidders were required to indicate the following in the Application Form:

    - full official name of the QIB to whom Equity Shares are to be Allotted;
    - number of Equity Shares Bid for;
    - Bid amount;
    - details of the depository participant account to which the Equity Shares should be credited; and
    - a representation that it is outside the United States at the time it places its buy order for the Equity Shares, it is acquiring the Equity Shares in an offshore transaction in reliance on Regulation S and it has agreed to the representations, warranties, acknowledgements and agreements set forth in "*Representation by Investors*" and "*Transfer Restrictions*" on pages 5 and 198, respectively, and other representations made in the PPD cum Application Form.

    Note: FPIs are required to indicate the SEBI FPI registration number in the Application Form.

7. QIBs were required to transfer the Bid Amount in the Escrow Account in the name of "*Aarti Industries Ltd - QIP Escrow A/c*" with Axis Bank Limited. No payment could be made by QIBs in cash. Please note that any payment of Bid Amount should have been made from the bank accounts of the QIBs applying for the Equity Shares and our Company shall keep a record of the bank account from where such payment for subscriptions have been received. Monies payable on Equity Shares to be held by joint holders should have been paid from the bank account of the person whose name appears first in the application. Until Allotment, and the filing of return of Allotment by our

Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, all monies received for subscription of the Equity Shares shall be kept in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013.

8. Once a duly completed Application Form is submitted by a QIB and the Bid Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid Closing Date. The Bid Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

9. Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids, provided that the Bids clearly indicate the scheme for which the Bid has been made.

10. Upon the receipt of the duly completed Application Forms and the Bid Amount through electronic transfer and after the Bid Closing Date, our Company has in consultation with the GCBRLMs, determined the final terms, including (i) the Issue Price, (ii) the number of Equity Shares to be Allocated; and (iii) the QIBs to whom such Equity Shares shall be Allocated. Upon such determination, the GCBRLMs on behalf of our Company will send serially numbered CANs to the QIBs who have been Allocated the Equity Shares, together with a serially numbered Placement Document either in electronic form or through physical delivery. The CAN shall contain details on the number of Equity Shares Allocated to the QIB and the dispatch of a CAN shall be deemed a valid, binding and irrevocable contract in respect of the Equity Shares that have been Allocated. **Please note that the Allocation will be at the absolute discretion of our Company and will be in consultation with the GCBRLMs.**

11. Our Company shall Allot Equity Shares as per the details in the CANs sent to the QIBs.

12. After passing the Board or committee resolution (as the case maybe) for Allotment and prior to crediting the Equity Shares into the Beneficiary Accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals. Our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the Beneficiary Account maintained with the Depository Participant by the QIBs.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the Beneficiary Accounts of the respective QIBs.

14. Our Company will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the Beneficiary Account of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approvals from the Stock Exchanges.

16. Upon receipt of intimation of final listing and trading approval from the Stock Exchanges, our Company shall inform the Allottees of the receipt of such approval. Our Company and the GCBRLMs shall not be responsible for any delay or non-receipt of the communication of the final trading and listing approvals from the Stock Exchanges or any loss arising from such delay or non- receipt of the final listing and trading approvals granted by the Stock Exchanges which are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs that are not otherwise excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations are eligible to invest in the Equity Shares pursuant to the Issue. A QIB means:

- A Mutual Fund, a VCF registered with SEBI, AIF registered with SEBI, and FVCI registered with SEBI;
- Eligible FPI;
- public financial institution as defined in section 2(72) of the Companies Act, 2013;
- scheduled commercial bank;
- a multilateral and bilateral development financial institution;

- a state industrial development corporation;
- an insurance company registered with the Insurance Regulatory and Development Authority;
- a provident fund with minimum corpus of ₹ 25 crores;
- a pension fund with minimum corpus of ₹ 25 crores;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India; and
- Systemically Important NBFCs

Eligible FPIs are permitted to participate in this Issue subject to compliance with applicable law and such that the shareholding of the Eligible FPIs does not exceed the specified limits as prescribed under applicable law in this regard. All non-resident QIBs shall ensure that the investment amount is paid as per RBI's notification no. FEMA 20(R)/ 2017-RB dated November 7, 2017, as amended from time to time.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10% or above of our post-Issue Equity Share capital. Further, in terms of the FEMA 20, the total holding by each FPI shall be below 10% of the total paid up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board, followed by a special resolution passed by the shareholders of our Company and subject to prior intimation to RBI. In this regard, please note that as on the date of this Placement Document, our Company has not completed the process of increase in limit of aggregate holding of FPIs above 24%.

Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. Specifically, investments by FVCIs are required to be made in compliance with Schedule 1 of FEMA 20.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being Promoter or any person related to, the Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

A minimum of 10% of the Equity Shares offered in this Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Note: Affiliates or associates of the GCBRLMs who are QIBs may participate in the Issue in compliance with applicable laws.

Application Process

PPD cum Application Form

Bidders shall only use the serially numbered PPD cum Application Form (which are addressed to them) supplied by our Company and the GCBRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through the PPD cum Application Form and pursuant to the terms of the Preliminary Placement Document, the Bidder will be deemed to have made the following representations and warranties and the representations, warranties and agreements under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 3, 5, 192 and 198, respectively:

1. The Bidder confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Bidder confirms that it is not a promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;

3. The Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or Promoter Group member, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters as per SEBI ICDR Regulations;

4. The Bidder acknowledges that it has no right to withdraw its Bid or revise its Bid downwards after the Bid Closing Date;

5. The Bidder confirms that if Equity Shares are Allotted through the Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The Bidder confirms that it is eligible to Bid and hold Equity Shares so Allotted. The Bidder further confirms that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

7. The Bidder confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Regulations;

8. The QIB acknowledges, represents and agrees that in the event its total interest in the paid up share capital of our Company or voting rights in our Company, whether direct or indirect, beneficial or otherwise (any such interest, your "**Holding**"), when aggregated together with any existing Holding and/or Holding of any of the persons acting in concert, results in Holding of 5.00% or more of the total paid up share capital of, or voting rights in, our Company a disclosure of the aggregate shareholding and voting rights will have to be made under the Takeover Regulations. In case such QIB is an existing shareholder who, together with persons acting in concert, holds 5.00% or more of the underlying paid up share capital of, or voting rights in our Company a disclosure will have to be made under the Takeover Regulations in the event of a change of 2% or more in the existing Holding of the QIB and persons acting in concert.

9. The Bidder confirms that together with other QIBs participating in the Issue that belong to the same group or are under common control, the Allotment to the Bidder shall not exceed 50% of the Issue Size. For the purposes of this statement:

   (i) QIBs belonging to the "same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst a QIB, its subsidiary or holding company and any other QIB; and

   (ii) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

10. The Bidders shall not undertake any trade in the Equity Shares credited to its Beneficiary Account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

11. The Bidders acknowledge that no Allotment shall be made to them if the price at which they have Bid for in the

Issue is lower than the Issue Price.

12. Each eligible QIB confirms that it has read and understood, and by making a Bid for the Equity Shares through the PPD cum Application Form, and pursuant to the terms of the Preliminary Placement Document will be deemed to have made the representatives, warranties and agreements made under the sections *"Notice to Investors"*, "*Representations by Investors*", "*Selling Restrictions*", and "*Transfer Restrictions*" on page 3, 5, 192 and 198, respectively.

EACH BIDDER MUST PROVIDE ITS DEPOSITORY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANTS' NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, EMAIL ID AND BENEFICIARY BANK ACCOUNT NUMBER IN THE PPD CUM APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

If so required by the GCBRLMs, the Bidder submitting a Bid along with the PPD cum Application Form, will also have to submit requisite documents to the GCBRLMs to evidence their status as a QIB. If so required by the GCBRLMs, Escrow Bank or any statutory or regulatory authority in this regard, includes after Issue closure, the Bidder submitting a Bid and/or being Allotted Equity Shares in the Issue, will also have to submit requisite documents to fulfill the Know Your Client (KYC) norms.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

Submission of PPD cum Application Form

All PPD cum Application Forms must be duly completed with information including the name of the Bidder, the price, the payment mechanism and number of Equity Shares applied for. All Application Forms duly completed along with a copy of the PAN card or PAN allotment letter were to be submitted to the GCBRLMs as per the details provided in the respective Application Forms. The Application Forms could have also been submitted to the GCBRLMs either through electronic form or through physical delivery at the following address:

Name of GCBRLMs	Address	Contact person	Email	Phone (Telephone and Facsimile)
Edelweiss Financial Services Limited	14th floor, Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098	Yashraj Shetty	aarti.qip@edelweissfin.com	**Telephone No.:** +91 22 4009 4400; **Facsimile No.:** +91 22 4086 3610
IIFL Holdings Limited	10th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013	Pinkesh Soni/Nishita Mody	aarti.qip@iiflcap.com	**Telephone No.:** +91 22 4646 4600 **Facsimile No.:** +91 22 2493 1073

The GCBRLMs were not required to provide any written acknowledgement of the receipt of the Application Form.

All Application Forms duly completed, Bid Amount and a copy of the PAN card were to be submitted to the GCBRLMs as per the details provided in the respective PPD cum Application Forms.

Bank Account for payment of Bid Amount

Our Company has opened the Escrow Account in the name of "*Aarti Industries Ltd - QIP Escrow A/c*" with Axis Bank Limited. The section titled "*Application Form*" on page 230 of this PPD includes details of the bank account(s) for the electronic transfer of funds. Each QIB was required to deposit the Bid Amount payable for the Equity Shares Bid by it pursuant to the PPD cum Application Form. QIBs could make payment of the Bid Amount only through electronic transfer of funds from their own bank accounts.

Note: Payments through cash or cheques are liable to be rejected. Further, If the payment is not made favouring the Escrow Account, the PPD cum Application Form is liable to be cancelled.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price is not less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. However, a discount of 4.94% of the Floor Price has been offered by our Company in accordance with the provisions of the SEBI ICDR Regulations. The Company accepted Bids at any price at or above the 4.94% discount to the Floor Price.

The "*Relevant Date*" referred to above, for Allotment, is the date of the meeting in which the Board have decided to open the Issue i.e. March 18, 2019 and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Build-up of the Book

The Bidder could submit their Bids (including the revision of bids) through the PPD cum Application Forms, within the Bidding Period to the GCBRLMs. Such Bids could not be withdrawn or revised downwards after the Bid/Issue Closing Date. The book was maintained by the GCBRLMs.

Price Discovery and Allocation

Our Company, in consultation with the GCBRLMs, has determined the Issue Price, which is below the Floor Price, as our Company has offered a discount of 4.94% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations.

Method of Allocation

Our Company shall determine the Allocation, in consultation with the GCBRLMs, on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

All the Bids received from the Bidders at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

Number of Allottees

The minimum number of Allottees in the Issue shall at least be:

(a) two, where the Issue Size is less than or equal to ₹ 250 crores; or
(b) five, where the Issue Size is greater than ₹ 250 crores.

Provided that no single Allottee shall be Allotted more than 50 % of the Issue Size.

QIBs belonging to the same group or those who are under same control shall be deemed to be a single Allottee for the purposes of the Issue. For details of what constitutes "same group" or "common control" see the "- *Application Process – PPD cum Application Form*" on page 183.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE GCBRLMS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. THE BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE GCBRLMS AND BIDDERS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE GCBRLMS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on the PPD cum Application Forms received, our Company, in consultation with the GCBRLMs, in their sole and absolute discretion, shall decide the Bidders to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Bidders. Additionally, a CAN will include probable designated date ("**Designated Date**"), being the date of credit of the Equity Shares to the respective Bidder's account.

The successful Bidders would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to the successful Bidders shall be deemed a valid, binding and irrevocable contract.

QIBS ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOTTED TO THEM PURSUANT TO THE ISSUE.

Bank Account for Payment of Application Money

Our Company has opened the Escrow Account with Axis Bank Limited in terms of the arrangement among our Company, the GCBRLMs and Axis Bank Limited as Escrow Bank. "*Application Form*" on page 230 of this PPD includes details of the bank account(s) for the electronic transfer of funds. Each QIB will be required to deposit the Bid Amount payable for the Equity Shares Bid by it pursuant to the PPD cum Application Form. QIBs can make payment of the Bid Amount only through electronic transfer of funds from their own bank accounts.

Note: Payments through cash or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the PPD cum Application Form is liable to be cancelled.

Our Company undertakes to utilise the amount deposited in the Escrow Account only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

In case of cancellations or default by the Bidders, our Company and the GCBRLMs have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

By submitting the PPD cum Application Form, the QIB would have deemed to have made the representations and warranties as specified "*Notice to Investors*" on page 3 and further that such QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by BSE and NSE.

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless the successful Bidders pay the Issue Price to the Escrow Account as stated above.

The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act.

Subject to the satisfaction of the terms and conditions in the Placement Agreement, our Company will ensure that the Allotment of Equity Shares is completed by the designated date specified in the CAN.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Post receipt of the listing approval of the Stock Exchanges, the Issuer shall credit the Equity Shares into the Depository Participant account of the eligible QIBs. Following the Allotment and credit of the Equity Shares into the eligible QIBs

Depository Participant accounts, our Company will apply for final listing and trading approvals from the Stock Exchanges.

In the case of successful Bidders who have been Allotted more than five percent of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such successful Bidder to the Stock Exchanges and the Stock Exchanges will make the same available on their website. Our Company shall make requisite filings with the RoC within stipulated period as required under the Companies Act, 2013, and Companies (Prospectus and Allotment of Securities Rules), 2014. If you are allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC.

The Escrow Bank shall release the monies lying to the credit of the Escrow Bank Account to our Company after Allotment of Equity Shares to the successful Bidders and receipt of listing and trading approvals from the Stock Exchanges.

Following the Allotment and credit of Equity Shares into the successful Bidders' Beneficiary Accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges.

In the event that our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, our Company shall repay the application money within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% per annum from expiry of the sixtieth day, in accordance with Section 42 of the Companies Act, 2013. The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the successful Bidders.

Refunds

In the event Bidders are not Allocated Equity Shares, for any reasons, for all or part of the Bid Amount submitted by such Bidder, or the Bidder withdraws the Bid before the Issue closing Date, or the Bidder has deposited Bid Amount higher than the Issue Price, such Bidders will be refunded the Bid Amount (or the excess Bid Amount, as applicable) paid by them. The refunds shall be made to the same bank account from which Bid Amount was remitted by the QIBs. Such QIBs to whom refunds shall be made will receive a Refund Intimation Letter from our Company providing details of the refund.

Other Instructions

Permanent Account Number or PAN

Each Bidder should have mentioned its PAN allotted under the Income Tax Act. A copy of PAN card was required to be submitted with the Application Form. Further, PPD cum Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not have submitted the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Right to Reject Applications

Our Company, in consultation with the GCBRLMs, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the GCBRLMs in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in the Issue shall be only in dematerialised form (that is, not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

A Bidder applying for Equity Shares to be issued pursuant to the Issue must have at least one Beneficiary Account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Bidder will be credited in electronic form directly to the Beneficiary Account (with the Depository Participant) of such successful Bidder.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchanges.

Our Company and the GCBRLMs will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the PPD cum Application Form or otherwise on part of the Bidders.

Monitoring of foreign investment limits

SEBI has through circular dated April 5, 2018, put in place a new system for monitoring the foreign investment limits in listed Indian companies, and by its circular dated May 17, 2018, SEBI has directed that the system be made operational from June 1, 2018. Accordingly, the listed Indian company shall have to appoint any one depository as its designated depository for the purpose of monitoring the foreign investment limit. The depository so chosen shall activate a red flag whenever the foreign investment is within 3% or less than 3% of the aggregate NRI/FPI limits or the sectoral cap prescribed under FEMA and shall intimate the stock exchanges of such red flag being activated.

Once the stock exchanges and depositories have intimated to the public that a red flag has been activated for the scrip of the Bank, foreign investors shall take a conscious decision to trade in the shares of the Bank, with a clear understanding that in the event of a breach of the aggregate NRI/FPI limits or the sectoral cap as prescribed under FEMA, foreign investors shall be liable to disinvest the excess holding within five trading days from the date of settlement of the trades.

PLACEMENT

Placement Agreement

The GCBRLMs has entered into a placement agreement with our Company dated March 18, 2019 (the "**Placement Agreement**"), pursuant to which the GCBRLMs have agreed to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscriptions for the Equity Shares on a reasonable efforts basis, pursuant to Section 42 of Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended and Chapter VI of the SEBI ICDR Regulations.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the GCBRLMs, and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Preliminary Placement Document and this Placement Document have not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares issued pursuant to this Issue will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

Lock-up

The Promoters and the Promoter Group of our Company, jointly and severally, agree that, without the prior written consent of the GCBRLM, he or it will not, (a) announce any intention to enter into any transaction whether any such transaction which is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, during the period commencing on the date hereof and ending 180 days after the date of Allotment of the Equity Shares pursuant to the QIP (the "**Lock-up Period**"), directly or indirectly, (b) offer, sell, pledge, issue, encumber, contract to issue, grant any option, right or warrant for the issuance and allotment, or otherwise dispose of or transfer, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position with respect to, any Equity Shares or securities convertible into or exchangeable or exercisable for Equity Shares (including any warrants or other rights to subscribe for any Equity Shares) or publicly announce an intention with respect to any of the foregoing, (c) enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of any Equity Shares, whether any such aforementioned transaction is to be settled by allotment of any Equity Shares, in cash or otherwise or any securities convertible into or exercisable or exchangeable for Equity Shares, or (d) deposit Equity Shares with any other depositary in connection with a depositary receipt facility or (e) publicly disclose the intention to make any such offer, issuance and allotment or disposition, or to enter into any such transaction falling within (b) to (d) above (including swap, hedge or other arrangement). However, the foregoing restrictions shall not be applicable if any of the actions mentioned above are required to be undertaken pursuant to any inter-se transfers between the Promoters/ members of the Promoter Group or any change in applicable law, post the date of execution of the Placement Agreement.

Further, any Equity Shares acquired by the Promoters and Promoter Group of our Company shall also be subject to the same restrictions that the Lock-Up are subject to.

In addition, each of the Promoters and Promoter Group of our Company, jointly and severally, agrees that, without the prior written consent of the GCBRLMs, he or it will not, during the Lock-up Period, make any demand for or exercise any right with respect to, the registration or sale or deposition of any Equity Shares or any other securities of our Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Equity Shares or any such substantially similar securities, whether now owned or hereinafter acquired. Our Company has undertaken that it will not for a period commencing the date hereof and ending 180 days from the date of Allotment, without the prior written consent of the GCBRLMs, directly or indirectly:

a. offer, sell, issue, contract to issue, sell, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities

convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the Securities Act, with respect to any of the foregoing, or

b. enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or

c. deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or

d. publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above.

SELLING RESTRICTIONS

The distribution of this Placement Document or any offering material and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

General

Except in India, no action has been or will be taken in any jurisdiction by our Company or the GCBRLMs that would permit an offering of the Equity Shares in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to offer of the Equity Shares in the Issue in any jurisdiction where action for such purpose is required. Accordingly, except in India, the Equity Shares offered in the Issue may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other material or advertisements in connection with offer of the Equity Shares offered in the Issue may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on our Company or the GCBRLMs. The Issue will be made in compliance with the SEBI ICDR Regulations. Each subscriber of the Equity Shares offered in the Issue will be required to make, or will be deemed to have made, as applicable, the representations, warranties, acknowledgments and agreements as described under the sections *"Notice to Investors", "Representations by Investors", "Selling Restrictions" and "Transfer Restrictions"* on pages 3, 5, 192 and 198, respectively.

India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares offered in the Issue may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs only and is not an offer to the public. This Placement Document is neither a public issue nor a prospectus under the Companies Act, 2013 or an advertisement and should not be circulated to any person other than those to whom the offer is made.

This Placement Document has not been and will not be registered as a prospectus with the RoC. The offering of Equity Shares pursuant to the Preliminary Placement Document and this Placement Document by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public at large about this Issue is prohibited. The Issue will be made in compliance with the SEBI ICDR Regulations.

Australia

This Placement Document is not a disclosure document within the meaning of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Equity Shares and Investments Commission.

No offer will be made under this Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Investors under this Placement Document represent and warrant that they are "sophisticated investors" or "professional investors" and not "retail clients" within the meaning of those terms in the Corporations Act.

No financial product advice is provided in this Placement Document and nothing in this Placement Document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Equity Shares offered in the Issue.

This Placement Document does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in this Placement Document, or making a decision to invest in the Equity Shares offered in the Issue, prospective investors should seek professional advice as to whether investing in the Equity Shares is appropriate in light of their own circumstances.

Cayman Islands

This document does not constitute a public offer of the Equity Shares, whether by way of sale or subscription, in the

Cayman Islands. Each Book Running Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Equity Shares to any member of the public in the Cayman Islands.

People's Republic of China

This Placement Document may not be circulated or distributed in the People's Republic of China (the "**PRC**") and the Equity Shares may not be offered or sold directly or indirectly to any resident of the PRC, or offered or sold to any person for reoffering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. Neither this offering circular nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the GCBRLMs has severally and not jointly, or jointly and severally, represented and warranted that it has not made and will not make an offer to the public of any Equity Shares which are the subject of the issue of Equity Shares contemplated by this Placement Document in that Relevant Member State, except that the Equity Shares may be offered to the public in that Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

1. to any legal entity which is a qualified investor, as defined in the Prospectus Directive (as defined below);

2. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive or supplement a prospectus pursuant to Article 16 at the Prospectus Directive), subject to obtaining the prior consent of the relevant GCBRLM nominated by the Company for any such offer; or

3. at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Equity Shares shall result in a requirement for the publication by the Company or any GCBRLM of a prospectus or the initial purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed with the GCBRLMs and the Company that it is a qualified investor within the meaning of the law of the Relevant Member State implementing Article 2(1)I of the Prospectus Directive or any measure implementing the Prospectus Directive in any Relevant Member State.

For the purposes of this provision, the expression "an offer to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2003/71/EC), and includes any relevant implementing measure in the Relevant Member State.

Hong Kong

This Placement Document has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, (i) the Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under that SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) (the "**CWUMPO**") of Hong Kong or which do not constitute an offer to the public within the meaning of the CWUMPO; and (ii) each of the GCBRLMs has not issued or had in its possession for the purposes of the issue of Equity Shares whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

No securities registration statement in relation to the solicitations of the issue of the Equity Share in Japan (the "**Solicitations**") has been filed or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). Therefore, the Solicitations in Japan may be made to no more than 49 persons during the six-month period prior to the contemplated date of allotment of the Equity Shares in the Issue.

Any person acquiring Equity Shares in the Issue: (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, other than in "a lump sum" to a single person; and (b) shall deliver a notification indicating (a) and (b) herein to the transferee of the Equity Shares.

Capitalised terms used above and not defined in this Placement Document have the meanings given to those terms in the FIEL

Kuwait

The Issue has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor has our Company received authorisation or licensing from the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to market or sell the Equity Shares within Kuwait. Therefore, no services relating to the Issue, including the receipt of applications and/or the allotment of Equity Shares may be rendered within Kuwait by our Company or persons representing our Company, including the GCBRLMs and its affiliates.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Placement Document does not constitute a public offering. This Placement Document is for the exclusive use of the person to whom it has been given by the GCBRLMs and is a private concern between the sender and the recipient.

Oman

The Equity Shares offered under this Placement Document have not and will not be listed on any stock exchange in the Sultanate of Oman.

Qatar (excluding the Qatar Finance Centre)

This Placement Document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar.

By receiving this Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar; (b) neither our Company nor the GCBRLMs are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares offered in the Issue has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither our Company nor the GCBRLMs are, by distributing this Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing the Equity Shares. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. This Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each GCBRLM has represented, warranted and agreed that it has not offered or sold any Equity Shares or caused the Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Equity Shares or cause the Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

   (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

   (ii) where no consideration is or will be given for the transfer;

   (iii) where the transfer is by operation of law;

   (iv) as specified in Section 276(7) of the SFA; or

   (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

South Africa

The Issue does not constitute an offer for the sale of or subscription for, or the solicitation of an offer to buy and subscribe for the Equity Shares offered in the Issue to the public as defined in the Companies Act, No. 71 of 2008 (as amended). This Placement Document has not been and will not be registered as a prospectus under the Companies Act, No. 71 of 2008 (as amended). Accordingly, the Equity Shares may not be offered, sold or delivered to a person in South Africa or to a person with an address in South Africa, unless such person falls within one or more of the exemptions to the securities laws relating to offers to the public set out in Section 96 of the Companies Act, No. 71 of 2008 (as amended). The exemptions include offers made to the following persons: (i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents; (ii) the Public Investment Corporation as defined in the Public Investment Corporation Act, No. 23 of 2004 (as amended); (iii) persons regulated by the Reserve Bank of South Africa; (iv) authorised financial services providers as defined in the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (as amended); (v) financial institutions as defined in the Financial Services Board Act, No. 97 of 1990; (vi) wholly owned subsidiaries of the persons contemplated in (iii), (iv) and (v), acting as agent in the capacity of

authorised portfolio manager for a pension fund registered in terms of the Pension Funds Act, No. 24 of 1956 or as a manager for a collective investment scheme registered in terms of the Collective Investment Schemes Control Act, No. 45 of 2002; (vii) any combination of the persons contemplated in (i) to (vi); and (viii) offers made to a single addressee acting as principal where the contemplated acquisition cost of the Equity Shares is equal to or greater than R1,000,000.

Switzerland

This Placement Document may only be freely circulated and the Equity Shares offered in the Issue may only be freely offered, distributed or sold to regulated financial intermediaries such as banks, securities dealers, fund management companies, asset managers of collective investment schemes and central banks as well as to regulated insurance companies. Circulating this Placement Document and offering, distributing or selling the Equity Shares to other persons or entities including qualified investors as defined in the Federal Act on Collective Investment Schemes ("**CISA**") and its implementing Ordinance ("**CISO**") may trigger, in particular, (i) licensing/prudential supervision requirements for the distributor, (ii) a requirement to appoint a representative and paying agent in Switzerland and (iii) the necessity of a written distribution agreement between the representative in Switzerland and the distributor. Accordingly, legal advice should be sought before providing this Placement Document to and offering, distributing, selling or on-selling the Equity Shares of the Company to any other persons or entities.

This Placement Document does not constitute an issuance prospectus pursuant to Articles 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder. The Equity Shares offered in the Issue will not be listed on the SIX Swiss Exchange, and consequently, the information presented in this Placement Document does not necessarily comply with the information standards set out in the relevant listing rules. This Placement Document has not been and will not be approved by the Swiss Financial Market Supervisory Authority ("**FINMA**") under the CISA. Therefore, investors do not benefit from protection under the CISA or supervision by the FINMA. This Placement Document does not constitute investment advice.

United Arab Emirates (excluding the Dubai International Financial Centre)

The Equity Shares offered in the Issue have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates ("**U.A.E.**") other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this Placement Document does not constitute a public offer of securities in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. Our Company and the Equity Shares have not been approved or licensed by or registered with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the U.A.E. This Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority. This Placement Document is being issued to a limited number of selected institutional and sophisticated investors, is not for general circulation in the U.A.E. and may not be provided to any person other than the original recipient or reproduced or used for any other purpose. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser. This Placement Document is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

Dubai International Financial Centre

This Placement Document relates to an exempt offer (an "**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

United Kingdom (in addition to the European Economic Area selling restrictions above)

The Equity Shares offered in the Issue cannot be promoted in the United Kingdom to the general public. The contents of this Placement Document have not been approved by an authorised person within the meaning of Financial Services and Markets Act 2000, as amended (the "**FSMA**"). The GCBRLMs (a) may only communicate or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which Section 21(1) of the FSMA does not apply to our Company; and (b) have complied and will comply with all applicable provisions of the FSMA with respect to anything done by each of them in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares offered in the Issue, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered, sold or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable state securities laws. The Equity Shares are being offered and sold in the Issue only outside the United States in accordance with Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. To help ensure that the offer and sale of the Equity Shares in the Issue was made in compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in "*Transfer Restrictions*" on page 198.

TRANSFER RESTRICTIONS

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on the floor of the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. In addition to the above, allotments made to QIBs, including FVCIs, VCFs and AIFs, in this Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. Investors are advised to consult their legal counsel prior to making any resale, pledge or transfer of the Equity Shares.

The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act, or any state securities laws of the United States, and unless so registered may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered, sold and delivered outside the United States in offshore transactions in reliance on Regulation S and in compliance with the applicable laws of each jurisdiction where those offers and sales are made.

If you purchase the Equity Shares in this Issue, by accepting delivery of this Placement Document, submitting a bid to purchase the Equity Shares and accepting delivery of the Equity Shares, you will be deemed to have represented to and agreed with our Company, the GCBRLMs as follows:

- you have received a copy of this Placement Document and such other information as you deem necessary to make an informed decision and that you are not relying on any other information or the representation concerning the Company or the Equity Shares and neither the Company nor any other person responsible for this document or any part of it or the GCBRLMs will have any liability for any such other information or representation;

- you are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- you will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of the Equity Shares, and you acknowledge and agree that none of our Company, the GCBRLMs or any of their affiliates shall have any responsibility in this regard;

- you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that such Equity Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;

- you and the person, if any, for whose account or benefit you are acquiring the Equity Shares, were located outside the United States at the time the buy order for the Equity Shares was originated and continue to be located outside the United States and have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or any economic interest therein to any person in the United States;

- you are not an affiliate (as defined in Rule 405 of the Securities Act) of our Company or a person acting on behalf of such affiliate; and you are not in the business of buying and selling securities or, if you are in such business, you did not acquire the Equity Shares from our Company or an affiliate (as defined in Rule 405 of the Securities Act) thereof in the initial distribution of the Equity Shares;

- you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S);

- you are aware of the restrictions on the offer and sale of the Equity Shares pursuant to Regulation S described in this Placement Document and that neither the BSE nor the NSE is a "designated offshore securities market" within the meaning of Regulation S of the Securities Act;

- the Equity Shares have not been offered to you by means of any "directed selling efforts" as defined in Regulation S; and

- you acknowledge that our Company, the GCBRLMs and their respective affiliates (as defined in Rule 405 of the Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, you will promptly notify our Company, the GCBRLMs, and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of such accounts.

- you acknowledge that the Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and warrant to our Company, the GCBRLMs and its respective affiliates that it will not offer, sell, pledge or otherwise transfer the Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- you represent and warrant to our Company, the GCBRLMs and their respective affiliates that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

- the Company, the GCBRLMs, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the GCBRLMs on their own behalf and on behalf of the Company, and (b) to the Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify the Company.

- you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or the GCBRLMs or their respective affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution;

- you have been provided access to this Placement Document which you have read in its entirety;

- you are aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S;

- you agree to indemnify and hold the Company, the GCBRLMs and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. You will not hold any of the Company or the GCBRLMs and their respective affiliates liable with respect to its investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares; and

- any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognized by our Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the SEBI and the Stock Exchanges; and has not been prepared or independently verified by us, the GCBRLMs, or any of their respective affiliates or advisers.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA, the SCRR, the SEBI Act, the Depositories Act, the Companies Act and various rules and regulations framed thereunder.

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"). On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the Securities and Exchange Board of India Act, 1992, as amended from time to time (the "**SEBI Act**"), notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "**SCR (SECC) Rules** "), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalization requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to promote, develop and regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, to protect the interests of investors, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices and insider trading and to regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants. With effect from April 1, 2003, the stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their clients, the stock exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.

The following two Stock Exchanges have nation-wide trading terminals:

BSE

Established in 1875, the BSE was the first stock exchange in Asia. In 1957, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. S&P BSE SENSEX, India's first equity index was launched in 1986. BSE provides a market for trading in equity, debt instruments, derivatives, mutual funds. It also has a platform for trading in equities of small-and-medium enterprises which was launched in 2012. BSE also entered into a strategic partnership with S&P Dow Jones Indices in 2013. (Source: www.bseindia.com). The United Stock Exchange of India has been merged with the BSE from May 2015.

NSE

The NSE was established in 1992 by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as NIFTY 50 (formerly known as S&P CNX NIFTY), on April 22, 1996 and the Mid-cap Index on January 1, 1996. It also established a platform for trading in equities of small and medium enterprises in 2012. The securities in the NSE 50 Index are highly liquid. (Source: www.nseindia.com)

Listing of Securities

The listing of securities on stock exchanges in India is regulated by the applicable Indian laws including the SEBI ICDR Regulations, Companies Act, 2013, the SCRA, the SCRR, the SEBI LODR Regulations, the SEBI Act and various guidelines and regulations issued by the SEBI. Under the SCRA and the SCRR, the governing body of each stock exchange is empowered to suspend or withdraw admission to trading of or dealing in a listed security for breach by a listed company of any of the conditions of admission to dealings or for any other reason, subject to such company receiving prior notice of such intent of the stock exchange and upon granting of a hearing in the matter. The SEBI has the power to vary or veto the decision of the stock exchange in this regard. The SEBI also has the power to amend the byelaws of the stock exchanges to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Disclosures under the Companies Act, 2013 and the SEBI LODR Regulations

Public listed companies are required under the Companies Act, 2013 and the SEBI LODR Regulations to prepare, file with the registrar of companies and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance under the Companies Act, 2013, related party transactions and management's discussion and analysis as required under the SEBI LODR Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI LODR Regulations.

Delisting of Securities

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies are required to ensure a minimum public shareholding at 25.00%. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25.00% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

Our Company is in compliance with this minimum public shareholding requirement. Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) were required to maintain a minimum public shareholding of 25.00%. However, pursuant to a subsequent amendment to the SCRR, a public company, including public sector undertakings, seeking to get a particular class or kind of securities listed shall offer and allot to the public (i) at least 25.00% of such class or kind of securities issued by the company, if the post issue capital is less than or equal to ₹ 160 crores, (ii) at least such percentage of such class or kind of securities issued by the company equivalent to ₹ 400 crores, if the post issue capital of the company is more than ₹ 1,600 crores but less than or equal to ₹ 4,000 crores or (iii) at least 10% of such class or kind of securities issued by the company, if the post issue capital of the company is above ₹ 4,000 crores. In case of (ii) and (iii) above, the public shareholding is required to be increased to 25.00% within a period of three years from the date of listing of the securities.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement based on previous day closing level of the index, at 10.00%, 15.00% and 20.00%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the NIFTY 50 of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-Based Securities Trading and Services

The SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients throughout the country to trade using brokers' internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and to comply with certain minimum conditions stipulated by the SEBI and other applicable laws. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the 'equities' as well as the 'derivatives' segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The NSE and the BSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads. In the year 2014, BSE introduced its new generation trading platform BOLT Plus.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Prohibition of Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (the "**Insider Trading**

Regulations") have been notified by SEBI to prohibit and penalise insider trading in India. An "insider" is defined to mean any person who has received or has access to unpublished price sensitive information ("**UPSI**") or a "Connected Person". A "Connected Person" means, any person who is or has directly or indirectly, been associated with the company in any capacity whether contractual, fiduciary or employment or has any professional or business relationship with the company whether permanent or temporary, during the six months prior to the concerned act which would allow or reasonably expect to allow access, directly or indirectly, to UPSI.

An insider is, amongst others, prohibited from trading in securities of a listed or proposed to be listed company when in possession of UPSI and to provide access to any person including other insiders to the above referred UPSI except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations. UPSI shall include any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than five percent of equity shares or voting rights, and the changes therein. Initial disclosures are required from promoters, key managerial personnel, directors as well as continual disclosures by every promoter, employee or director in case value of trade exceed monetary threshold of 10 lakh rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets. SEBI has through circular dated April 5, 2018, put in place a new system for monitoring the foreign investment limits in listed Indian companies, and by its circular dated May 17, 2018, SEBI has directed that the system be made operational from June 1, 2018. Accordingly, the listed Indian company shall have to appoint any one depository as its designated depository for the purpose of monitoring the foreign investment limit.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

Set forth below is certain information relating to the Equity Shares of our Company, including a brief summary of some of the provisions of the Memorandum and Articles of Association, the Companies Act, 2013 and certain related legislation of India, all as currently in effect. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

Our Company's authorised share capital as on the date of this Placement Document is ₹ 115.08 crores consisting of 23,01,50,320 Equity Shares of ₹ 5 each.

As of the date of this Placement Document, the issued, subscribed and paid up equity share capital of our Company is ₹ 40.65 crores consisting of 8,13,00,000 Equity Shares of ₹ 5 each.

The Equity Shares are listed on the Stock Exchanges. The security identification codes for the Equity Shares are as follows:

ISIN	INE769A01020
BSE Code	524208
NSE Symbol	AARTIIND

Articles of Association

Our Company is governed by our Articles of Association.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each Fiscal. Under the Companies Act, 2013, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013, no dividend can be declared or paid by a company for any Fiscal except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013 or out of the profits of the company for any previous Fiscal(s) arrived at as laid down by the Companies Act, 2013. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a smaller dividend in the general meeting.

The Equity Shares issued pursuant to this Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Reserves and Issue of Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act, 2013 permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account to its shareholders, in the form of fully paid up bonus equity shares, which are similar to stock dividend. These bonus equity shares must be distributed to shareholders in proportion to the number of equity shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations.

As per the Articles of Association, our Company in General Meeting may, upon the recommendation of the Board resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of our Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution. Further, the Board shall make all appropriation and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issue of fully paid shares or other securities, if any.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, 2013, our Company may increase its share capital by issuing new shares on such terms and with such rights as it may determine. According to Section 62 of the Companies Act, 2013 such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person subject to the provisions of FEMA 20, if applicable.

Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to condition prescribed under the Companies (Share Capital and Debentures) Rules, 2014 and any other conditions as may be prescribed, if a special resolution to that effect is passed by our Company's shareholders in a general meeting.

The Articles of Association authorise it to increase its authorised capital by issuing new shares, as our Company may determine in a general meeting. Our Company may, by special resolution, also alter its share capital by converting any fully paid up shares into stock and reconverting that stock into fully paid up shares of any denomination. The Articles of Association provide that our Company, by a special resolution passed at the general meeting, from time to time, may consolidate or sub-divide its share capital and the resolution may provide that holders of shares resulting from such sub-division shall have some special advantage as regards dividend, capital or otherwise as compared with any other shares. The Articles of Association also provide that our Company may issue shares with differential rights as to dividend, voting or otherwise, subject to the compliance with requirements under the Companies Act, 2013 and the rules thereto, or any other applicable law in force.

General Meetings of Shareholders

There are two types of general meetings of the shareholders, AGM and EGM.

Our Company must hold its AGM in each fiscal year provided that not more than 15 months shall elapse between each AGM, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting and where any special business is to be transacted at the meeting, an explanatory statement is required to be annexed as required under Companies Act, 2013. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. The quorum requirements applicable to shareholder meetings under the Companies Act, 2013 have to be physically complied with.

A listed company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the

same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. Voting is by a show of hands, unless a poll is ordered by the Chairman of the meeting or voting is carried out electronically. The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting and those voting electronically. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have the right to speak at meetings.

Register of Shareholders and Record Dates

We are obliged to maintain a register of shareholders at our registered office. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In the case of shares held in physical form, transfers of shares are registered on the register of members upon lodgment of the share transfer form duly complete in all respects accompanied by a share certificate or, if there is no certificate, the letter of allotment in respect of shares transferred together with duly stamped transfer forms. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

Transfer of Shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These provisions provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. We have entered into an agreement for such depository services with the National Securities Depository Limited and the Central Depository Services India Limited. SEBI requires that our shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The registrar and transfer agent shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the SEBI LODR Regulations, in the event we have not effected the transfer of shares within fifteen days or where we have failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of fifteen days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Liquidation Rights

In the event of our winding up, if the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital, at the commencement of the winding up, paid up or which ought to have been paid up on the shares issued upon special terms and conditions. On winding up, preference shares issued by our Company, if any, shall rank in priority to Equity Shares but shall not be entitled to any further participation in profits or assets.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI regulations issued in connection therewith.

STATEMENT OF TAX BENEFITS

Date: March 17, 2019

To,

The Board of Directors
Aarti Industries Limited
Udyog Kshetra, 2nd Floor,
Mulund Goregaon Link Road,
Mulund (West), Mumbai-400080
Maharashtra, India

Dear Sirs,

Sub: Proposed qualified institutions placement of equity shares of face value of ₹ 5 each (the "Equity Shares") of Aarti Industries Limited (the "Company") under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"), and Section 42 of the Companies Act, 2013, as amended read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (the "Issue").

We hereby confirm that the enclosed annexure, prepared by the Company states the possible tax benefits available to the Company and its shareholders under the Income – Tax Act, 1961 ("**Act**") presently in force in India. Certain of these benefits may be dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfil.

The preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of my understanding of the business activities and operations of the Company.

We do not express our opinion or provide any assurance as to whether:

(i) the Company will continue to obtain these benefits in the future;
(ii) the conditions prescribed for availing the benefits, where applicable have been/would be met; and
(iii) the tax benefits available to shareholders have been evaluated based on the present rules and regulations existing.

We hereby consent to (a) the extracts of this certificate being used in the Preliminary Placement Document and this Placement Document of the Company in connection with the Issue; and/ or (b) submission of this certificate as may be necessary, to the Stock Exchange(s)/ SEBI/ any regulatory authority; and/ or (c) the sharing of and reliance on this certificate, as necessary, by the Global Coordinator & Book Running Lead Managers and intermediaries; and/ or (d) this certificate being used for the records to be maintained by the Global Coordinator & Book Running Lead Managers in connection with the Issue and in accordance with applicable law.

We undertake to update you of any changes in the above mentioned position until the Equity Shares of the Company issued pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be considered as updated information.

Any capitalised term that has not been defined shall have the meaning attributed to it in the Preliminary Placement Document and the Placement Document prepared / to be prepared in connection with the Issue.

Yours faithfully,

For M/s Kirtane & Pandit LLP, Chartered Accountants

Firm Registration Number: 105215W/W100057

Milind Bhave
Partner
Membership No.: 047973
UDIN: 19047973AAAABK4811
Place: Mumbai

Annexure I

The information provided below sets out the possible tax benefits available to the shareholders of an Indian company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future.

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND TO QUALIFIEDINSTITUTIONAL BUYERS UNDER THE INCOME TAX ACT, 1961 ("the Act")

The under-mentioned tax benefits will be ordinarily available only to the sole/first-named holder in case the Equity Shares are held by joint shareholders, unless the joint ownership is satisfactorily proved.

I. Special benefits available to the Company

1. As per section 35(2AB) of the Act, the Company is entitled to weighted deduction at the rate of 150% on scientific research and development expenditure (except on land and building) incurred by the Company on in-house research and development facility as approved by the prescribed authority [deduction would be restricted to 100% w.e.f 1st April 2020 i.e. Assessment Year 2021-22)]

2. As per section 80-IA of the Act, Company is entitled to deduction of an amount equal to 100% of the profits and gains derived from the undertakings engaged in generation or generation or distribution of power. The said deduction is available for a period of ten consecutive assessment years out of the fifteen years, beginning from the year in which the undertakings begins to generate power.

3. As per section 10AA, the Company is entitled to deduction with respect to its units set-up in Special Economic Zone (SEZ) which begin to manufacture or produce articles or things or provide services on or after 1st April 2005 but before 31st March 2020. The deduction is allowable as under –
For first five consecutive years from the year in which unit manufactures or produces articles or things or provides services - 100% of the profits and gains derived from the export of such articles or things or services
For next five consecutive years - 50% of the profits and gains derived from the export of such articles or things or services
For next five consecutive years - amount not exceeding 50% of the profit as is debited to the profit and loss account i and credited to a reserve account created and utilized for the purposes of the business in manner laid down in the Act

II. Resident Shareholders

1. As per section 115-O of the Act, tax on distributed profits of domestic companies is chargeable to tax at 15% (plus applicable surcharge and health and education cess) computed by way of grossing up mechanism; (effective tax rate - 20.55%). As per sub-section (1A) to section 115-O of the Act, a domestic company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the Dividend Distribution Tax (**"DDT"**) if:

a. the dividend is received from its domestic subsidiary and the subsidiary has paid the DDT payable on such dividend; or
b. the dividend is received from a foreign subsidiary company, tax is payable by the company under section 115BBD of the Act.
However, the same amount of dividend shall not be taken into account for reduction more than once.

Further, the net distributed profits shall be increased to such amounts as would, after reduction of the tax on such increased amounts at the specified rate, be equal to the net distributed profits.

2. Under section 10(34) of the Act, income by way of dividends (whether interim or final) referred to in Section 115-O of the Act received on shares of any Indian Company is exempt from income tax in the hands of shareholders. Such dividend is also to be excluded while computing Minimum Alternate Tax ("**MAT**") liability where the recipient is a Company. However, it is pertinent to note that Section 14A of the Act read with Rule 8D of the Rules restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn the dividend income is not an allowable expenditure.

3. Further, as per section 115BBDA of the Act, income by way of dividend in excess of Rs. 10 lakhs shall be chargeable to tax in the case of an assessee other than a domestic company, a fund or institution or trust or any university or other educational institutions or any hospital or other medical institutions referred to in section 10(23C)(iv), 10(23C)(v), 10(23C)(vi), 10(23C)(via), a trust or institutions registered under section 12A or section 12AA, who is resident in India, at the rate of 10% (plus applicable surcharge and health and education cess). No deduction for any expenditure or allowance or set-off of loss shall be allowed under the provisions of the Act in computing the aforesaid dividend income.

4. As per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

5. The characterisation of gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding (whether for investment or carrying on trading in shares) in the hands of the shareholder and various other factors including clarifications/ instructions issued by the Central Government in this regard. The tax incidence on such gains would accordingly be different.

6. Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognised stock exchange in India or unit of Unit Trust of India or unit of an equity oriented fund or a zero coupon bond held by an assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as long term capital gains ("**LTCG**"). Capital gains arising on sale of these assets held for 12 months or less are considered as short term capital gains ("**STCG**"). Further, capital assets being shares of company not being a share listed in a recognized stock exchange in India or an immovable property, being land or building or both, held for a period exceeding 24 months are considered as long term capital assets. In respect of any other capital assets, the holding period should exceed 36 months to be considered as long term capital assets.

7. As per the provisions of section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015) and depreciable assets, is computed by deducting expenses incurred in relation to the transfer, the indexed cost of acquisition and the indexed cost of improvement from the full value of consideration.

8. Under section 10(38) of the Act, LTCG upto 31 March 2018 arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is chargeable to Securities Transaction Tax ("**STT**"). Although LTCG on shares sold on Stock Exchange on which STT is paid are exempt in computation of taxable income as per the normal provisions of the Act, such gains are includible in the book profits of a corporate assessee and are not exempt from the levy of MAT under section 115JB of the Act. However, LTCG on sale of equity shares of a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The Central Board of Direct Taxes (**"CBDT"**) has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification. The Finance Act, 2018

has terminated the exemption granted under section 10(38) of the Act to LTCG arising on transfer of listed shares or units of equity oriented mutual funds or units of business trusts by introduction of section 112A in the Act and provided that long-term capital gains arising from transfer of long term capital asset referred to in section 112A of the Act will be liable to tax at the rate of 10% on such income exceeding Rs. 1 lakh.

9. As per section 112A of the Act, the concessional rate of 10% (plus applicable surcharge and health and education cess) shall be available only if STT has been paid on both acquisition and transfer in case of equity shares and STT has been paid on transfer in case of units of equity-oriented mutual funds or units of business trust. As per section 112A(4) of the Act, the Central Government by notification in the official gazette shall specify the modes of acquisition of equity shares which shall be exempt from the condition of payment of STT. Further, the CBDT has clarified vide FAQs dated 4 February 2018 that notification no. 43/2017 dated 5 June 2017 will be reiterated to provide the concessional rate of 10% on transfer of equity shares acquired without payment of STT. The Central Government vide Notification dated 1 October 2018 provided section 112A relief to certain modes of acquisitions. As per section 48 of the Act, the benefit of indexation and foreign currency fluctuations would not be available. No deduction under Chapter VIA of the Act shall be allowed from such capital gains.

10. Finance Act, 2018 has also amended section 55(2)(ac) of the Act to provide for a grandfathering provision upto 31 January 2018. As per the said amendment, cost of acquisition of the long term capital asset referred to in section 112A of the Act acquired by the assessee before 1 February 2018 would be higher of the following:
a. the cost of acquisition of the asset; and
b. lower of:
i. fair market value (FMV) of such asset; and
ii. full value of consideration received or accruing as a result of the transfer of the capital asset

For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognised stock exchange on 31 January 2018.

11. In accordance with section 112 of the Act, LTCG on sale of capital assets to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and health and, education cess) with indexation benefits. However, as per the first proviso to section 112(1) of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following:
a. 20% (plus applicable surcharge and health and education cess) of the capital gains as computed after indexation of the cost; or
b. 10% (plus applicable surcharge and health and education cess) of the capital gains as computed without indexation.
No deduction under Chapter VIA of the Act shall be allowed from such LTCG.

12. The base year for the purpose of indexation has been changed from 1 April 1981 to 1 April 2001

13. Section 54EE of the Act provides that if a long term capital asset is transferred and within a period of 6 months from the date of transfer, the assessee invests in "long term specified assets", then, subject to the limitations provided under the said section, an exemption upto Rs. 50 lakhs can be claimed.

Where the "long term specified asset" is transferred within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer of long term specified asset.

For the purpose of section 54EE of the Act, "long term specified assets" has been defined as a unit or units, issued before 01-April-2019, of such fund as may be notified by the Central Government in this behalf.

14. As per section 111A of the Act, STCG arising on transfer of equity share would be taxable at a rate of 15% (plus applicable surcharge and health and education cess) where such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. Further, as per second proviso to section 111A of the Act, the requirement of a transfer being chargeable to STT is not applicable to:
a. transactions undertaken on a recognized stock exchange located in International Financial Services Centre; and
b. the consideration for such transactions is payable in foreign currency.

STCG arising from transfer of capital asset, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act. No deduction under Chapter VIA of the Act shall be allowed from

such STCG.

15. As per section 70 of the Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the Act.

As per section 70 of the Act, Long Term Capital Loss ("LTCL") computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the Act.

LTCL arising on sale of shares entered into on a recognized stock exchange and which are chargeable to STT, may not be allowed to be set off or carried forward for set off. In this regard, CBDT has clarified vide FAQs dated 4 February 2018 has proposed the following in connection with the treatment of set-off and carry forward of LTCL arising on sale of shares which has been subjected to STT:
i. As the exemption from LTCG as per section 10(38) of the Act will be available for transfer made between 1 February, 2018 and 31 March, 2018, the LTCL arising during this period will not be allowed to be set-off or carried forward to subsequent years.
ii. LTCL arising from transfer made on or after 1 April, 2018 will be allowed to be set-off and carried forward in accordance with existing provisions of the Act. Therefore, such LTCL can be set-off against any other LTCG and any unabsorbed LTCL can be carried forward to subsequent eight years for set-off against LTCG.

16. As per section 72 of the Act, business loss (other than loss on speculation business), if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.

17. In terms of section 36(1)(xv) of the Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business of transactions/trading in shares would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" if income arising from taxable securities transaction is included in such income. However, no deduction will be allowed in computing the income chargeable to tax as capital gains of such amount paid on account of STT.

18. Under section 56(2)(x) of the Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

a. where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds Rs.50,000/-, the whole FMV;
b. where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid.

Rule 11UA of the Income-tax Rules, 1962 ("the Rules") provides for the method for determination of the FMV of various properties.

19. No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act.

III. Non-resident shareholders other than Foreign Portfolio Investors ("FPI")

1. Explanation 5 to section 9(1)(i) of the Act provides that capital asset being a share of a company outside India shall be deemed to be situated in India if it derives its value, directly or indirectly, substantially from the assets located in India. Explanation 6 to section 9(1)(i) of the Act provides that the asset referred to in Explanation 5 would include tangible as well as intangible asset and the valuation of the assets would be carried out in accordance with the method provided under Explanation 6. Explanation 7 to section 9(1)(i) of the Act provides certain situations which would not trigger the provisions of Explanation 5 read with Explanation 6.

Apart from the Explanation 7 which provides the exclusions, the second proviso to the Explanation 5 to section 9(1)(i) of the Act provides for an exclusion to the Category-I and Category-II FPIs under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992. In other words, investors other than Category-I and Category-II FPIs may fall within the ambit of the provisions of Explanation 5 and 6 to section 9(1)(i) subject to the provisions of the Act and the DTAA, whichever is beneficial to the

non-resident. This benefit, however, would be further subject to the provisions of General Anti-Avoidance Rules .i.e. Chapter X-A of the Act.

2. As per section 115-O of the Act, tax on distributed profits of domestic companies is chargeable to tax at 15% (plus applicable surcharge and health and education cess). As per sub-section (1A) to section 115- O, the domestic Company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the DDT if:
a. the dividend is received from its domestic subsidiary and the subsidiary has paid the DDT payable on such dividend; or
b. the dividend is received from a foreign subsidiary company, the Company has paid tax payable under section 115BBD However, the same amount of dividend shall not be taken into account for reduction more than once.

Further, the net distributed profits shall be increased to such amounts as would, after reduction of the tax on such increased amounts at the specified rate, be equal to the net distributed profits.

3. Under section 10(34) of the Act, income by way of dividends (whether interim or final) referred to in section 115-O of the Act, received on shares of any Indian Company is exempt from income tax in the hands of shareholders.

4. As per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

5. The characterisation of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding (whether for investment or carrying on trading in shares) in the hands of the shareholder and various other factors. The tax incidence on such gains would accordingly be different.

6. Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognised Stock Exchange in India or unit of Unit Trust of India or unit of an equity oriented fund or a zero coupon bond held by the assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as LTCG. Capital gains arising on sale of these assets held for 12 months or less are considered as STCG.

Further, capital assets being shares of company not being a share listed in a recognized stock exchange in India or an immovable property, being land or building or both, held for a period exceeding 24 months should be considered as long term capital assets.

In respect of any other capital assets, the holding period should exceed 36 months to be considered as long term capital assets.

7. Under the first proviso to section 48 of the Act, in case of a non-resident shareholder, in computing the capital gains arising under section 112 of the Act from transfer of shares of a company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the Act, discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares. The capital gains so computed shall be reconverted into Indian currency.

8. Under section 10(38) of the Act, LTCG upto 31 March 2018 arising to a shareholder, being a nonresident, on sale of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is chargeable to STT. However, LTCG on sale of equity shares in a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The CBDT has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

Finance Act, 2018 has terminated the exemption granted under section 10(38) of the Act to LTCG arising on transfer of

listed shares or units of equity oriented mutual funds or units of business trusts by introduction of section 112A in the Act and provided that long-term capital gains arising from transfer of long term capital asset referred to in section 112A of the Act will be liable to tax at the rate of 10% on such income exceeding Rs. 1 lakh.

9. As per section 112A of the Act, the concessional rate of 10% (plus applicable surcharge and health and education cess) shall be available only if STT has been paid on both acquisition and transfer in case of equity shares and STT has been paid on transfer in case of units of equity-oriented mutual funds or units of business trust. As per section 112A(4) of the Act, the Central Government by notification in the official gazette shall specify the modes of acquisition of equity shares which shall be exempt from the condition of payment of STT. Further, the CBDT has clarified vide FAQs dated 4 February 2018 that notification no. 43/2017 dated 5 June 2017 will be reiterated to provide the concessional rate of 10% on transfer of equity shares acquired without payment of STT. The CBDT vide press release dated 24 April 2018 issued draft notification to provide section 112A relief to off-market acquisitions. The final notification in this regard is still awaited.

As per section 48 of the Act, the benefit of indexation and foreign currency fluctuations would not be available. No deduction under Chapter VIA of the Act shall be allowed from such capital gains.

10. Finance Act, 2018 has also amended section 55(2)(ac) of the Act to provide for a grandfathering provision upto 31 January 2018. As per the said amendment, cost of acquisition of the long term capital asset referred to in section 112A of the Act acquired by the assessee before 1 February 2018 would be higher of the following:
a. the cost of acquisition of the asset; and
b. lower of:
i. fair market value of such asset; and
ii. full value of consideration received or accruing as a result of the transfer of the capital asset

11. For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognised stock exchange on 31 January 2018.

12. In accordance with section 112 of the Act, LTCG on sale of, *inter alia*, listed securities to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and health and, education cess). However, as per the first proviso to section 112(1) of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following:
a. 20% (plus applicable surcharge and health and education cess) of the capital gains as computed after benefit of first proviso to section 48; or
b. 10% (plus applicable surcharge and health and education cess) of the capital gains.

No deduction under Chapter VIA of the Act shall be allowed from such LTCG.

13. The base year for the purpose of indexation has been changed from 1 April 1981 to 1 April 2001.

14. Section 54EE of the Act provides that if a long term capital asset is transferred and within a period of 6 months from the date of transfer, the assessee invests in long term specified assets, then, subject to the limitations provided under the section, an exemption upto Rs. 50 lakhs can be claimed.

Where the "long term specified asset" is transferred within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer of the long term specified asset

For the purpose of section 54EE of the Act, long term specified assets has been defined as a unit or units, issued before 1 April 2019, of such fund as may be notified by the Central Government in this behalf.

15. As per section 111A of the Act, STCG arising on transfer of equity share or units of an equity oriented fund or units of a business trust would be taxable at a rate of 15% (plus applicable surcharge and health and education cess) where such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. Further, as per second proviso to section 111A of the Act, the requirement of a transfer being chargeable to STT is not applicable to:
a. transactions undertaken on a recognized stock exchange located in International Financial Services Centre; and
b. the consideration for such transactions is payable in foreign currency.

STCG arising from transfer of capital assets, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

No deduction under Chapter VIA of the Act shall be allowed from such STCG.

16. As per section 70 of the Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the Act.

As per section 70 of the Act, LTCL computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74of the Act.

LTCL arising on sale of shares entered into on a recognized stock exchange and which are chargeable to STT, may not be allowed to be set off or carried forward for set off. In this regard, CBDT has clarified vide FAQs dated 4 February 2018 has proposed the following in connection with the treatment of set-off and carry forward of LTCL arising on sale of shares which has been subjected to STT:

i. As the exemption from LTCG as per section 10(38) of the Act will be available for transfer made between 1 February, 2018 and 31 March, 2018, the LTCL arising during this period will not be allowed to be set-off or carried forward to subsequent years.

ii. LTCL arising from transfer made on or after 1 April, 2018 will be allowed to be set-off and carried forward in accordance with existing provisions of the Act. Therefore, such LTCL can be set-off against any other LTCG and any unabsorbed LTCL can be carried forward to subsequent eight years for set-off against LTCG.

17. In terms of section 36(1)(xv) of the Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business of transactions/ trading in shares would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" if income arising from taxable securities transaction is included in such income. However, no deduction will be allowed in computing the income chargeable to tax as capital gains, on such amount paid on account of STT.

18. Under section 56(2)(x) of the Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, on or after 1 April 2017, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:
a. where the shares are received without consideration and the aggregate Fair Market Value ("FMV") of such shares exceeds Rs.50,000/-, the whole of the aggregate FMV;
b. where the shares are received for a consideration less than the aggregate FMV of such shares by any amount exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid.

Rule 11UA of the Rules provides for the method for determination of the FMV of various properties.

19. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Double Taxation Avoidance Agreement (the "**DTAA**") between India and the country of residence of the non-resident/ NRI. As per section 90(2) of the Act, provisions of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident/ NRI.

20. As per section 90(4) of the Act, an assessee being a non-resident, shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory. As per section 90(5) of the Act, the non-resident shall be required to provide such other information, as mentioned in Form 10F.

21. As per the provisions of section 195 of the Act, any income by way of capital gains payable to non-residents (other than LTCG exempt u/s 10(38)) may be subject to withholding tax at the rate under the domestic tax laws or under the DTAA, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of his being a resident in a country outside India, to get the benefit of the applicable DTAA and the document as notified under the provision of section 90(5) of Act.

IV. Non-resident shareholders – FPIs

1. As per section 115-O of the Act, tax on distributed profits of domestic companies is chargeable to tax at 15% (plus applicable surcharge and health and education cess). As per sub-section (1A) to section 115-O, the domestic Company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the DDT if:
a. the dividend is received from its domestic subsidiary and the subsidiary has paid the DDT payable on such dividend; or
b. the dividend is received from a foreign subsidiary company, the Company has paid tax payable under section 115BBD However, the same amount of dividend shall not be taken into account for reduction more than once.

Further, the net distributed profits shall be increased to such amounts as would, after reduction of the tax on such increased amounts at the specified rate, be equal to the net distributed profits

2. Under section 10(34) of the Act, income by way of dividends (whether interim or final) referred to in section 115-O received on shares is exempt from income tax in the hands of shareholders.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent of the amount of dividend claimed exempt.

3. As per section 2(14) of the Act, any security held by a FPI who has invested in such securities in accordance with the regulations made under Securities & Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a FPI would be treated in the nature of capital gains.

4. The provisions of indirect transfer in terms of Explanation 5 to section 9(1) of the Act shall not apply to non-resident investors in Category-I and Category-II FPI registered under Securities and Exchange Board of India (FPI) Regulations, 2014.

5. Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognised stock exchange in India or unit of Unit Trust of India or unit of an equity oriented fund or a zero coupon bond held by an assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as LTCG. Capital gains arising on sale of these assets held for 12 months or less are considered as STCG.

Further, capital assets being shares of company not being a share listed in a recognized stock exchange in India or an immovable property, being land or building or both, held for a period exceeding 24 months should be considered as long term capital assets.

In respect of any other capital assets, the holding period should exceed 36 months to be considered as long term capital assets.

6. Under section 10(38) of the Act, LTCG upto 31 March 2018 arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised Stock Exchange of India and is liable to STT. However, LTCG on sale of equity shares in a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The CBDT has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

7. Finance Act, 2018 has terminated the exemption granted under section 10(38) of the Act to LTCG arising on transfer of listed shares or units of equity oriented mutual funds or units of business trusts by introduction of section 112A in the Act and provided that long-term capital gains arising from transfer of long term capital asset referred to in section 112A of the Act will be liable to tax at the rate of 10% on such income exceeding Rs. 1 lakh.

8. As per section 112A of the Act, the concessional rate of 10% (plus applicable surcharge and health and education cess) shall be available only if STT has been paid on both acquisition and transfer in case of equity shares and units of equity-oriented mutual funds or units of business trust. As per section 112A(4) of the Act, the Central Government by notification

in the official gazette shall specify the modes of acquisition of equity shares which shall be exempt from the condition of payment of STT. Further, the CBDT has clarified vide FAQs dated 4 February 2018 that the notification no. 43/2017 dated 5 June 2017 will be reiterated to provide the concessional rate of 10% on transfer of equity shares acquired without payment of STT. The CBDT vide press release dated 24 April 2018 issued draft notification to provide section 112A relief to off-market acquisitions.

As per section 48 of the Act, the benefit of indexation and foreign currency fluctuations would not be available.

No deduction under Chapter VIA of the Act shall be allowed from such capital gains.

9. Finance Act, 2018 has also amended section 55(2)(ac) of the Act to provide for a grandfathering provision upto 31 January 2018. As per the said amendment, cost of acquisition of the long term capital asset referred to in section 112A of the Act acquired by the assessee before 1 February 2018 would be higher of the following:
a. the cost of acquisition of the asset; and
b. lower of:
i. fair market value of such asset; and
ii. full value of consideration received or accruing as a result of the transfer of the capital asset

10. For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognised stock exchange on 31 January 2018.

11. Section 54EE of the Act provides that if a long term capital asset is transferred and within a period of 6 months from the date of transfer, the assessee invests in long term specified assets, then, subject to the limitations provided under the section, an exemption upto Rs. 50 lakhs can be claimed.

Where the "long term specified asset" is transferred within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer.

For the purpose of section 54EE of the Act, long term specified assets has been defined as a unit or units, issued before 01-April-2019, of such fund as may be notified by the Central Government in this behalf.

12. Under section 115AD(1)(ii) of the Act, income by way of STCG arising to the FPI on transfer of shares shall be chargeable at a rate of 30% (plus applicable surcharge and health and education cess), where such transactions are not subjected to STT, and at the rate of 15% (plus applicable surcharge and health and education cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT.

Under section 115AD(1)(iii) of the Act income by way of LTCG arising to an FPI from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable at the rate of 10% (plus applicable surcharge and health and education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FPIs.

The Finance Act, 2018 has amended the provisions of section 115AD of the Act to withdraw the exemption of section 10(38) of the Act and provided that long-term capital gains arising from transfer of long term capital asset referred to in section 112A of the Act will be liable to tax at the rate of 10% on such income exceeding Rs. 1 lakh.

13. In respect of FPIs, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA between India and the country of residence of the FPI. As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the DTAA entered between India and the country of fiscal domicile of the FPI, if any, to the extent they are more beneficial to the FPIs. Thus, FPIs can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

14. As per section 90(4) of the Act, the FPIs shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Act, the FPIs shall be required to provide such other information as mentioned in Form 10F.

15. As per section 196D(2) of the Act, no tax is to be deducted from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a FPI.

V. VENTURE CAPITAL COMPANIES/FUNDS

Under section 10(23FB) of the Act, any income of Venture Capital Company registered with SEBI or Venture Capital Fund registered under the provision of the Registration Act, 1908 (set up to raise funds for investment in venture capital undertaking notified in this behalf), would be exempt from income tax, subject to conditions specified therein. Venture capital companies/ funds are defined to include only those companies/ funds which have been granted a certificate of registration, before the 21st day of May, 2012 as a Venture Capital Fund or have been granted a certificate of registration as Venture Capital Fund as a sub-category of Category I Alternative Investment Fund. 'Venture capital undertaking' means a venture capital undertaking as defined in clause (n) of regulation 2 of the SEBI (Venture Capital Funds Regulations,1996) or as defined in clause (aa) of sub-regulation (1) of regulation 2 of the SEBI (Alternative Investment Funds) Regulations, 2012.

As per section 115U(1) of the Act, any income accruing/ arising/ received by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/ arising/ received by such person had the investments been made directly in the venture capital undertaking.

Further, as per section 115U(5) of the Act, the income accruing or arising to or received by the venture capital company/ funds from investments made in a venture capital undertaking if not paid or credited to a person (who has investments in a Venture Capital Company /Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

Additionally, as per section 115U(6) of the Act, the provisions of section 115U shall not apply in respect of income accruing or arising to a person on or after 1 April 2016 from investments made in a venture capital company or a venture capital fund.

VI. ALTERNATIVE INVESTMENT FUND (CATEGORY I AND II)

Under section 10(23FBA), any income of an investment fund other than the income chargeable under the head "Profits and gains of business or profession" is exempt from income tax. For this purpose, an "Investment Fund" means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the SEBI (Alternative Investment Fund) Regulations, 2012.

As per section 115UB(1) of the Act, any income accruing /arising/ received by a person from his investment in investment Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/ arising/ received by such person had the investments by the investment fund been made directly by him.

Under section 115UB(4) of the Act, the total income of an Investment Fund would be charged at the rate or rates as specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm and at maximum marginal rate in any other case.

As per section 115UB(6) of the Act, the income accruing or arising to or received by the investment fund if not paid or credited to a person (who has investments in the investment fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

Further, as per section 194LBB of the Act, where any income, other than that proportion of income which is of the same nature as income referred to in section 10(23FBB) of the Act, is payable to a unit holder in respect of units of an Investment Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon:

i. at the rate of 10% where the payee is a residents; and
ii. at the rates in force where the payee is a non-resident.

VII. MUTUAL FUNDS

Under section 10(23D) of the Act, any income of mutual funds registered under Securities and Exchange Board of India

Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, in this behalf.

VIII. PROVIDENT FUND AND SUPERANNUATION FUND

Under section 10(25) of the Act, interest or capital gains on securities held by a provident fund to which the Provident Funds Act, 1925 applies is exempt from tax. Further, any income received by trustees on behalf of a recognised provident fund and a recognised superannuation fund is also exempt from tax.

IX. MULTI-LATERAL AND BILATERAL DEVELOPMENT FINANCIAL INSTITUTIONS:

Generally, Multilateral and bilateral development financial institutions may be exempt from taxation in India on the capital gains arising on the sale of shares of the Company depending on the applicable Statute and Acts passed in India. In case they are not specifically exempt from tax then the provisions as applicable for capital gains to a non-resident FPI, as they should be registered as FPI, should apply to these institutions

Notes:

1. The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by the Finance Act, 2018 (**"FA"**).

2. Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds Rs. 1 crore.

3. Surcharge is to be levied on domestic companies at the rate of 7% on tax where the income exceeds Rs 1 crore but does not exceed Rs. 10 crores and at the rate of 12% on tax where the income exceeds Rs. 10 crores.

4. Surcharge is to be levied on every company other than domestic company at the rate of 2% on tax where the income exceeds Rs 1 crore but does not exceed Rs.10 crores and at the rate of 5% where the income exceeds Rs. 10 crores.

5. Health and Education Cess is to be levied at the rate of 4% on aggregate of income tax and surcharge.

6. Several of the above tax benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act.

LEGAL PROCEEDINGS

Our Company and its Subsidiaries are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are initiated by us and also by suppliers, regulators, and other parties. These legal proceedings are primarily in the nature of tax disputes, labour disputes, writ petitions, criminal complaints, civil suits and petitions pending before various authorities.

*This section discloses outstanding legal proceedings considered material in accordance with our Company's "Policy for Determination of Materiality of any Event/Information" framed in accordance with Regulation 30 of the SEBI LODR Regulations ("**Policy of Materiality**"). Additionally, solely for the purpose of the Issue, our Company has also disclosed in this section, (i) all outstanding criminal proceedings involving the Company, Subsidiaries and Directors; and (ii) all other outstanding litigation involving our Company and its Subsidiaries, where the amount involved in such proceedings exceeds ₹ 3.50 crores (approximately 1.05 % of our Company's profit for the period Fiscal 2018 based on the Audited Consolidated Financial Statements of our Company).*

Further, other than as disclosed in this section, (i) there are no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any of our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and no directions have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document involving our Company or any of its Subsidiaries nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or its Subsidiaries; (iii) there are no defaults in repayment of (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon and (d) any loan obtained from any bank or
financial institution and interest thereon, as of the date of this Placement Document; (iv) there are no material frauds committed against us in the last three years; (v) there are no defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; and (vii) there are no civil, criminal, tax or any regulatory cases pending against any of our Directors.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiaries, Directors or our Promoters shall, unless otherwise decided by our Board, not be considered as litigation until such time that our Company or any of its Subsidiaries or Directors or Promoters, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

I. Litigation involving our Company and its Subsidiaries

A. Outstanding criminal proceedings involving our Company and/or its Subsidiaries

a. Against our Company

A First Information report dated April 13, 2016 was filed under sections of the Indian Penal Code, 1860, in relation to the death of a workman as a result of an accident arising out of and in the course of his employment. Our Company was issued a notice dated June 7, 2016 by the Labour Court, Thane, under which our Company was ordered to submit details under Section 10(A) of the Workmen's Compensation Act, 1923 to which our Company replied on June 30, 2016. The compensation was deposited by our Company under Section 8(1) of the Workmen's Compensation Act, 1923 on July 5, 2016. The matter is currently pending hearing.

b. By our Company

Except as disclosed below there are no criminal cases initiated by our Company:

i. Cases under Section 138 of the Negotiable Instruments Act

Our Company, in the ordinary course of business, has initiated 9 proceedings involving an amount of ₹ 2.50 crores, against defaulting customers under section 138 of the Negotiable Instruments Act.

c. Against our Subsidiaries

As on the date of this Placement Document, there are no outstanding criminal proceedings initiated against our Subsidiaries.

d. By our Subsidiaries

Except as disclosed below there are no criminal cases initiated by our Subsidiaries:

1. Ganesh Polychem Limited ("GPL")

i. Cases under Section 138 of the Negotiable Instruments Act

GPL, in the ordinary course of business, has initiated 2 proceedings involving an amount of ₹ 0.50 crores, against defaulting customers under section 138 of the Negotiable Instruments Act.

B. Material outstanding civil litigation involving our Company and/or its Subsidiaries

a. Against our Company

As on the date of this Placement Document, there are no material outstanding civil litigations initiated against our Company.

b. By our Company

As on the date of this Placement Document, there are no material outstanding civil litigations initiated by our Company.

c. Against our Subsidiaries

As on the date of this Placement Document, there are no material outstanding civil litigations initiated against our Subsidiaries.

d. By our Subsidiaries

As on the date of this Placement Document, there are no material outstanding civil litigations initiated by our Subsidiaries.

C. Outstanding tax litigation involving our Company and/or its Subsidiaries

a. Against our Company

Except as stated below there are no outstanding tax proceedings initiated against our Company:

Nature of case	Number of cases	Amount involved (in ₹ crores)
Direct Tax	5	65.14
Indirect Tax	106	71.42

b. Against our Subsidiaries

Except as stated below there are no outstanding tax proceedings initiated against our Subsidiaries:

1. Shanti Intermediates Private Limited (through Aarti Corporate Services Limited):

Nature of case	Number of cases	Amount involved (in ₹ crores)
Direct Tax	Nil	Nil
Indirect Tax	2	0.27

D. Material outstanding regulatory litigation involving our Company and/or its Subsidiaries

a. Against our Company

As on the date of this Placement Document, there are no material outstanding regulatory litigations initiated against our Company.

b. By our Company

As on the date of this Placement Document, there are no material outstanding regulatory litigations initiated by our Company.

c. Against our Subsidiaries

Except as disclosed below there are no material outstanding regulatory litigation against our Subsidiaries:

1. Aarti Corporate Services Limited

i. Our subsidiary, Aarti Corporate Services Limited ("**ACSL**") has received several correspondences from the RBI, the last correspondence being on February 14, 2019, wherein it was queried, amongst others, if ACSL was purely into investment activities and if it did not have any customer interface. Further, the correspondence stated that if it was not purely into investment, then it was required to be registered with all the four Credit Information Companies ("**CICs**"). The correspondence further stated that non-compliance of registration with all the CICs as on February 28, 2019 may result in issuance of show cause notice for cancellation of certificate of registration. ACSL has replied to RBI e-mail dated January 28, 2019 by way of a letter dated February 12, 2019.

ii. ACSL received a show cause notice from the RBI dated March 12, 2018, in relation to the cancellation of its certificate of registration under Section 45-IA(6) of Reserve Bank of India Act, 1934 ("**RBI Act**"). RBI had certain observations, including but not limited to, failure by ACSL to communicate details of its principal officer to Financial Intelligence Unit – India ("**FIU-Ind**"), inclusion of ACSL by FIU-Ind in its list of 'High Risk Financial Institutions' and failure to submit mandatory returns to the RBI, namely NBS8/9. ACSL was required to show cause as to why penal action should not be initiated against it for the offences punishable under Section 58B of the RBI Act. ACSL has replied to this show cause notice on March 28, 2018 wherein it had informed RBI that it had commenced the process of registration with FIU-Ind and submitted documents supporting the appointment of principal officer. Accordingly, ACSL's name was subsequently removed from the list of 'High Risk Financial Institutions'.

d. By our Subsidiaries

As on the date of this Placement Document, there are no material outstanding regulatory litigations initiated by our Subsidiaries.

II. Litigation involving our Directors

A. Outstanding criminal proceedings involving our Directors

As on the date of this Placement Document, there are no outstanding criminal proceedings involving our Directors.

III. Details of legal action taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and any direction issued by any such Ministry or Department or statutory authority upon conclusion of such litigation or legal action

As on the date of this Placement Document, there are no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and no direction has been issued by any such Ministry of Department or statutory authority upon conclusion of such litigation or legal action.

IV. Inquiries, inspections or investigations under Companies Act

There have been no inquiries, inspections or investigations initiated or conducted against our Company or its Subsidiaries under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document, nor have there been any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or its Subsidiaries.

V. Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

There have been no frauds committed against our Company in the last three years preceding the date of this Placement Document.

VI. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon

As on the date of this Placement Document, our Company has no outstanding defaults in repayment of statutory dues, dues payable to holders of any debentures and interest thereon, deposits and interest thereon and loans and interest thereon from any bank or financial institution, except where there is dispute under litigation.

VII. Summary of reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Placement Document and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remark

No reservations, qualifications or adverse remarks have been given by our auditors in the last five Fiscal Years immediately preceding the year of circulation of this PPD cum Application Form.

VIII. Details of defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder

As on the date of this Placement Document, our Company has not made any default in annual filings of the Company under the Companies Act, 2013 and the rules made thereunder.

IX. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations

As on the date of this Placement Document, there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations. However, our Company is in the process of demerging its HPC segment, for further details please see "*Our Business—Demerger of our HPC Segment*" on page 151.

STATUTORY AUDITORS

Our Company's current Statutory Auditors, M/s. Kirtane & Pandit LLP, Chartered Accountants, are independent auditors with respect to our Company as required by the Companies Act, 2013 and in accordance with the guidelines prescribed by ICAI, and have been appointed as the statutory auditors of our Company, pursuant to the approval of the shareholders of our Company at the AGM held on September 27, 2017.

The Audited Standalone Financial Results for the nine-month period ended December 31, 2018; and the Audited Consolidated Financial Statements as at and for the Fiscal Year ended March 31, 2018, included in this Placement Document, have been audited by M/s. Kirtane & Pandit LLP, Chartered Accountants and Audited Consolidated Financial Statements as at and for the Fiscal Years ended March 31, 2017 and March 31, 2016, included in this Placement Document, have been audited Gokhale & Sathe, Chartered Accountants, our Erstwhile Statutory Auditors.

The audited standalone financial statements and the notes related thereto as at and for the Fiscal Year ended March 31, 2018, have been audited by M/s. Kirtane & Pandit LLP, Chartered Accountants and audited standalone financial statements as at and for the Fiscal Years ended March 31, 2017 and March 31, 2016, have been audited Gokhale & Sathe, Chartered Accountants, our Erstwhile Statutory Auditors.

The peer review certificate of our current Statutory Auditors, M/s. Kirtane & Pandit LLP, Chartered Accountants is valid till June 29, 2019.

GENERAL INFORMATION

1. Our Company was originally incorporated as "Aarti Organics Private Limited" on September 28, 1984 under the Companies Act, 1956. Our Company was converted into a public limited company on December 4, 1990 and its name was changed to "Aarti Organics Limited" and thereafter our Company's name was changed from "Aarti Organics Limited" to "Aarti Industries Limited" pursuant to a fresh certificate of incorporation dated October 11, 1994 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The registered office of our Company is located at Plot No. 801, 801/23, GIDC Estate Phase III, Vapi, Gujarat- 396195, India and our corporate office is located at 71, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai - 400 080, Maharashtra, India. The CIN of our Company is L24110GJ1984PLC007301.

2. The website of our Company is www.aarti-industries.com

3. The Equity Shares were listed on BSE and NSE on June 4, 1992.

4. Our authorised share capital is ₹ 115.08 crores consisting 23,01,50,320 Equity Shares. As of the date of this Placement Document, the issued subscribed and paid up Equity Share capital of our Company is ₹ 40.65 crores consisting of 8,13,00,000 Equity Shares.

5. This Issue was authorised and approved by the Board of Directors on November 1, 2018 and approved by the shareholders of our Company through a special resolution passed by postal ballot (including electronic voting) on January 14, 2019 results of which were declared on January 16, 2019.

6. We have received in-principle approvals to list the Equity Shares to be issued pursuant to this Issue, from each of the BSE and the NSE on March 18, 2019, under Regulation 28(1) of the SEBI LODR Regulations. We shall apply to the Stock Exchanges for the listing approvals and the final listing and trading approvals.

7. For the main objects of our Company, please refer to Memorandum of Association. Copies of our Memorandum and Articles of Association will be available for inspection between 10:00 am to 4:00 pm on any weekday (except Saturdays, Sundays and public holidays) at our Registered Office.

8. Except as disclosed in this Placement Document, there has been no material change in our Company's financial position since March 31, 2018, the last date of Audited Consolidated Financial Statements.

9. Except as disclosed in this Placement Document, our Company has obtained necessary consents, approvals and authorisations required in connection with the Issue.

10. Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting our Company, or its assets or revenues, nor is our Company aware of any pending or threatened legal or arbitration proceedings, which are or might be material in the context of this Issue or could have a material adverse effect on the position, business, operations, prospects or reputation of our Company. For further details, please see "*Legal Proceedings*" on page 220.

11. The Floor Price is ₹ 1,469.65 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company has offered a discount of 4.94% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations.

12. The compliance officer for the purpose of the Issue is Mr. Raj Sarraf, Company Secretary and Compliance Officer of our Company. The contact details of the compliance officer are as follows:

Name:	Mr. Raj Sarraf
Address:	71, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai - 400 080, Maharashtra, India.
Telephone No.	+91 22 6797 6666
Facsimile No.	+91 22 2565 3185/3234
Email:	investorrelations@aarti-industries.com

13. The Company's statutory auditors are M/s Kirtane & Pandit LLP, Chartered Accountants. The Audited Standalone Financial Results for the nine-month period ended December 31, 2018; and the Audited Consolidated Financial Statements as at and for the Fiscal Year ended March 31, 2018, included in this Placement Document, have been audited by M/s. Kirtane & Pandit LLP, Chartered Accountants and Audited Consolidated Financial Statements as at and for the Fiscal Years ended March 31, 2017 and March 31, 2016, included in this Placement Document, have been audited Gokhale & Sathe, Chartered Accountants, our Erstwhile Statutory Auditors.

14. Our Company and the GCBRLMs accepts no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

15. As on the date of this Placement Document, our Company has not made any default in annual filings of the Company under the Companies Act, 2013 and the rules made thereunder.

16. Our Company confirms that it is in compliance with the minimum public shareholding requirements as specified in SCRR and SEBI LODR Regulations.

FINANCIAL STATEMENTS

Financial Statements	Page No.
The Audited Standalone Financial Results for the nine month period ended December 31, 2018	F-1
The Audited Consolidated Financial Statements for the Fiscal Year 2018	F-5
The Audited Consolidated Financial Statements for the Fiscal Year 2017	F-34
The Audited Consolidated Financial Statements for the Fiscal Year 2016	F-65

Auditor's Report on Quarterly Financial Results and Year to Date Financial Results of AARTI INDUSTRIES LIMITED Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors,
AARTI INDUSTIES LIMITED.

We have audited the quarterly standalone financial results of AARTI INDUSTRIES LIMITED ('the Company') for the quarter ended December 31, 2018 and the year to date financial results for the period from April 1, 2018 to December, 2018, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016.

These standalone quarterly as well as year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim standalone financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting", prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us these quarterly and year to date standalone financial results:

(i) Are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular dated 5th July 2016 in this regard.

(ii) Give a true and fair view of the net profit and total comprehensive income and other financial information for the quarter ended December 31, 2018 as well as the year to date results for the period from April 1, 2018 to December 31, 2018.

For KIRTANE & PANDIT LLP
CHARTERED ACCOUTANTS
Firm Registration No.: 105215W/W100057



CA Milind Bhave
Partner
Membership No.: 047973
Place: Dahej
Date: 03.02.2019

AARTI INDUSTRIES LIMITED

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2018

(₹ in Lakhs)

Sr. No.	Particulars	3 Months Ended			9 Months Ended		12 Months Ended
		31st Dec 2018 (Audited)	30th Sept 2018 (Audited)	31st Dec 2017 (Audited)	31st Dec 2018 (Audited)	31st Dec 2017 (Audited)	31st Mar 2018 (Audited)
1	**INCOME**						
	a)Revenue from Operations	126,815	129,952	99,022	364,615	266,992	369,931
	b)Other Income	24	24	78	388	98	213
	Total Income	**126,839**	**129,976**	**99,100**	**365,003**	**267,090**	**370,144**
2	**EXPENSES**						
	a)Cost of Materials Consumed	71,478	79,822	57,016	217,756	149,410	211,579
	b)Purchases of Stock-in-Trade	5,138	2,495	2,462	10,949	7,733	10,290
	c)Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(1,935)	(2,892)	(1,736)	(8,641)	(2,967)	(6,974)
	d)Employee Benefits Expense	6,241	5,285	4,572	16,651	12,588	17,680
	e)Finance Costs	4,235	5,131	3,370	13,976	9,432	13,074
	f)Depreciation and Amortisation Expenses	4,061	3,885	3,420	11,718	9,889	13,577
	g)Other Expenses	21,206	21,033	18,927	60,214	52,580	71,683
	Total Expenses	**110,424**	**114,759**	**88,031**	**322,623**	**238,665**	**330,909**
3	**Profit/(Loss) before Exceptional Items and Tax (1-2)**	**16,415**	**15,217**	**11,069**	**42,380**	**28,425**	**39,235**
4	Exceptional Items	-	-	-	-	-	-
5	**Profit/(Loss) before Tax (3-4)**	**16,415**	**15,217**	**11,069**	**42,380**	**28,425**	**39,235**
6	**TAX EXPENSES**						
	a)Current Year Tax	3,500	3,250	2,200	9,050	5,600	7,900
	b)Earlier Year Tax	-	-	-	-	-	-
	b)MAT Credit Entitlement	(850)	(800)	(650)	(2,630)	(1,650)	(2,050)
	c)Deferred Tax	500	475	500	1,475	1,300	1,741
	Total Tax Expenses	**3,150**	**2,925**	**2,050**	**7,895**	**5,250**	**7,591**
7	**Net Profit/(Loss) from Ordinary Activities after Tax (5-6)**	**13,265**	**12,292**	**9,019**	**34,485**	**23,175**	**31,644**
8	Extraordinary Items (Net of Tax Expense ₹)	-	-	-	-	-	-
9	**Net Profit/(loss) for the period (7-8)**	**13,265**	**12,292**	**9,019**	**34,485**	**23,175**	**31,644**
10	**Profit/(loss) for the period attributable to**						
	a)Owners of the Company	13,265	12,292	9,019	34,485	23,175	31,644
	b)Non Controlling Interest						
11	**Other Comprehensive Income**	3,047	(1,959)	589	(387)	356	(309)
12	**Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period) (10+11)**	**16,312**	**10,333**	**9,608**	**34,098**	**23,531**	**31,335**
13	**Earnings per Equity share:**						
	(1) Basic	16.32	15.12	10.98	42.42	28.22	38.92
	(2) Diluted	16.32	15.12	10.98	42.42	28.22	38.92
14	**Paid-up Equity Share Capital (Face Value of ₹ 5/-each)**	4,065	4,065	4,106	4,065	4,106	4,065
15	**Reserve excluding Revaluation Reserves as per Balance Sheet of previous Accounting Year**	-	-	-	-	-	147,452

Notes:-

1. The above results for the quarter and nine months ended 31st December, 2018 have been reviewed by the Audit Committee in their meeting held on 31st January, 2019 and approved by the Board of Directors in their meeting held on 3rd February, 2019.
2. Company has entered into forward contracts to hedge its export contracts. Cancellation & Mark to market gain/(loss) for such contracts as at the end of reporting period are recognised in these statements. Cancellation & Mark to market gain/(loss) in respect of near term contracts amounting to ₹ 479 Lakhs is appropriately dealt in the above P&L statement, while mark to market gain in respect of long term contracts amounting to ₹ 2,912 Lakhs are adjusted under Other Comprehensive Income. The component adjusted under Other Comprehensive Income will be appropriately treated in P&L when the underlying cash-flow impact accrues.
3. Company had further recognised revaluation gain/(loss) to the extent of ₹ 612 lakhs in respect of its long term borrowings (ECBs) as at quarter ending 31st December, 2018 and included the same in its Finance Costs appearing above.
4. The Listed Non-Convertible Debenture of the Company aggregating to ₹ 12,000 Lakhs as on 31st December, 2018 are secured by way of first pari passu charge on the Movable Fixed Assets of the Company at its permises located at Vapi, Jhagadia, Silvassa, Tarapur and Pithampur and the assets cover thereof exceeds 100% of the principal amount of the said debentures.
5. The Board of Directors have declared Interim Dividend of ₹ 4.0 paise per Equity Share of ₹ 5/- each (80 %) amounting to ₹ 32,52,00,000.00 paise and 13th February, 2019 has been fixed as record date for the payment of the said Interim Dividend.
6. Company retained its domestic credit ratings of AA- from CRISIL and India Ratings.
7. Figures for the previous period have been regrouped or rearranged wherever necessary.
8. The aforesaid Audited Financial Results will be uploaded on the Company's website www.aarti-industries.com and will also be available on the website of BSE Limited www.bseindia.com and the National Stock Exchange of India Limited www.nseindia.com for the benefit of the shareholders and investors.

For AARTI INDUSTRIES LIMITED

RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

Place: Dahej
Date: 03.02.2019

AARTI INDUSTRIES LIMITED

SEGMENTWISE REVENUE, RESULTS AND SEGMENT ASSETS & LIABLITIES ALONG WITH THE RESULT UNDER REGULATION 33 OF SEBI (LISTING OBLIGATION & DISCLOSURE RQUIREMENTS) REGULATIONS, 2015

(₹ in Lakhs)

Sr. No.	Particulars	3 Months Ended			9 Months Ended		12 Months Ended
		31st Dec 2018 (Audited)	30th Sept 2018 (Audited)	31st Dec 2017 (Audited)	31st Dec 2018 (Audited)	31st Dec 2017 (Audited)	31st Mar 2018 (Audited)
1	**Segment Revenue**						
	a) Speciality Chemicals	101,423	103,910	77,422	290,180	209,138	287,874
	b) Pharmaceuticals	17,110	19,225	13,899	51,302	38,192	55,622
	c) Home & Personal Care Chemicals	8,282	6,817	7,701	23,133	19,662	26,435
	Total	**126,815**	**129,952**	**99,022**	**364,615**	**266,992**	**369,931**
2	**Segment Results Profit / (Loss)**						
	(Before Tax and Interest from each Segment)						
	a) Speciality Chemicals	20,984	20,981	15,136	56,798	39,293	53,707
	b) Pharmaceuticals	2,992	2,918	1,674	8,510	4,939	7,920
	c) Home & Personal Care Chemicals	(52)	(375)	390	(228)	372	275
	Total	**23,924**	**23,524**	**17,200**	**65,080**	**44,604**	**61,902**
	Less: Interest	4,235	5,131	3,370	13,976	9,432	13,074
	Other Unallocable Expenditure (Net)	3,274	3,176	2,761	8,724	6,747	9,593
	Total Profit before Tax	**16,415**	**15,217**	**11,069**	**42,380**	**28,425**	**39,235**
3	**Segment Assets**						
	a) Speciality Chemicals	328,861	305,547	270,001	328,861	270,001	280,200
	b) Pharmaceuticals	91,399	88,409	76,645	91,399	76,645	80,823
	c) Home & Personal Care Chemicals	25,407	25,143	19,636	25,407	19,636	22,910
	d) Unallocated Capital	28,842	34,272	26,078	28,842	26,078	27,818
	Total	**474,509**	**453,371**	**392,360**	**474,509**	**392,360**	**411.751**
	Segment Liablities						
	a) Speciality Chemicals	60,045	41,916	47,494	60,045	47,494	42,647
	b) Pharmaceuticals	9,293	9,661	5,323	9,293	5,323	7,548
	c) Home & Personal Care Chemicals	7,088	7,283	2,524	7,088	2,524	5,675
	d) Unallocated Capital	17,411	16,911	15,495	17,411	15,495	15,936
	Total	**93,837**	**75,771**	**70,836**	**93,837**	**70,836**	**71,806**

Notes:-

1. Figures for the previous period have been regrouped or rearranged wherever necessary.

For AARTI INDUSTRIES LIMITED

RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

Place : Dahej
Date: 03.02.2019

AARTI INDUSTRIES

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 Bhave
Partner
Membership No.: 047973

Place: Mumbai
Date: May 11, 2018

AARTI INDUSTRIES

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 Bhave
Partner
Membership No.: 047973

Place: Mumbai
Date: May 11, 2018

AARTI INDUSTRIES

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 LIBILITIES		**4,327.46**	**3,499.05**
Significant Accounting Policies			
See Accompaying Notes to the Financial Statements	1-32		

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

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 Accompaying Notes to the Financial Statements	1-32		

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

Milind Bhave
Partner
M. No.: 047973

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Date: May 11, 2018

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Vice Chairman
DIN: 00004850

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

AARTI INDUSTRIES

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

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

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

(₹ in Crs)

Particulars	Other Equity										Other Comprehensive Income	Total Other Equity
	Reserves and Surplus											
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Debenture Redumption 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

Milind Bhave
Partner
M. No.: 047973

Place: Mumbai
Date: May 11, 2018

For and on behalf of the Board

Rajendra V. Gogri
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DIN: 00061003

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Shantilal T. Shah
Vice Chairman
DIN: 00004850

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary

AARTI INDUSTRIES

Corporate Information and Significant Accounting Policies

Corporate Information

The Consolidated Financial Statements comprise financial statements of Aarti Industries Limited ("The Holding Company") and subsidaries (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.

(c) Principles of Consolidation:

(i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements & Indian Accounting Standard (Ind AS) 28 -Accounting for Investments in Associates in Consolidated Financial Statements.

(ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and Subsidiary Companies drawn up to the same reporting date i.e 31st March, 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

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 avalied,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 approriately dealt in the financial statements in accordance with the appicables 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 convertilbe 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 unresticted 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
Polygomma 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) Convtertible 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**

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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

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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 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	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 Differnce 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**

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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**

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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**

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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 inculed 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 instuments 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 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	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.

AARTI INDUSTRIES

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

Independent Auditor's Report

To the Board of Directors of
Aarti Industries Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of AARTI INDUSTRIES LIMITED ("the company") and its subsidiaries, which comprise the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the 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

The company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and the consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the relevant rules issued thereunder.

The respective Board of Directors of the Company including its subsidiaries have responsibility in each of the respective Companies which also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective Companies, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 the consolidated Ind AS financial statements by the Company's Directors, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the consolidated Ind AS financial statements that give 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 Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS 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 of the reports of the other auditors on the financial statements/financial information of the subsidiaries as noted below, the consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, including its subsidiaries as at 31st March 2017, consolidated profit (including total comprehensive income), consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements/financial information of six subsidiaries whose financial statements/ financial information reflect total assets of ₹ 284.62 crores as at 31st March 2017, total revenues of ₹ 232.13 crores and net cash inflows amounting to ₹ 2.24 crores for the year then ended 31st March, 2017 as considered in the consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries are based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS 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

1. As required by section 143(3) of the Act, we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of consolidation of the accounts of its subsidiaries have been received.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in the aggregate in agreement with the relevant underlying books of accounts maintained by the Company, its subsidiaries respectively for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors of the Company as on 31st March

2017 taken on record by the Company's Directors and the relevant assertion contained in the reports of the statutory auditors of its subsidiaries incorporated in India, none of the directors of the Company, subsidiaries incorporated in India is disqualified as on 31st March 2017 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 its subsidiaries and the operating effectiveness of such controls, refer to our separate report in "Annexure A";

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31st March 2017 which would impact the consolidated financial position. Refer note no 25 of the Consolidated Financial Statements.

ii. The Company, along with subsidiaries did not have any material foreseeable losses on long-term contracts including derivative contracts.

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

iv. The Company has provided requisite disclosures in the consolidated Ind AS financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and further these are in accordance with books of accounts maintained by the Company and as produced to us by the management. Refer Note 6 to the consolidated Ind AS financial statements

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Reg. No.: 103264W

CA TEJAS. J. PARIKH
PARTNER
Membership No: 123215

Place: Mumbai
Date: 19th May, 2017

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of Aarti Industries Limited (hereinafter referred to as "the Company") and its subsidiaries, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its subsidiaries, incorporated in India are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company and its subsidiaries considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company and its subsidiaries, incorporated in India, 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 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 and its subsidiaries incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 and its subsidiaries, incorporated in India 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 31st March 2017, 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

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its four subsidiaries, which are companies incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Reg. No.: 103264W

CA TEJAS. J. PARIKH
PARTNER
Membership No: 123215

Place: Mumbai
Date: 19th May, 2017

Consolidated Balance Sheet as at 31st March, 2017

(₹ in Crs.)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1	1,694.90	1,245.54	966.89
Capital Work-in-Progress	1	269.52	313.01	192.97
Goodwill	1	0.42	0.42	0.04
Other Intangible Assets	1	1.70	NIL	NIL
Financial Assets				
Investments	2	46.96	41.26	172.87
Other Non-Current Assets	3	168.36	132.26	103.27
Total Non-Current Assets		**2,181.86**	**1,732.49**	**1,436.04**
Current Assets				
Inventories	4	571.41	495.19	551.73
Financial Assets				
Trade Receivables	5	524.67	523.40	438.98
Cash and Cash Equivalents	6	28.50	28.99	33.71
Others Current Financial Assets	7	168.70	167.92	172.93
Other Current Assets	8	23.91	18.49	32.31
Total Current Assets		**1,317.19**	**1,233.99**	**1,229.66**
TOTAL ASSETS		**3,499.05**	**2,966.48**	**2,665.70**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	9	41.06	41.66	44.30
Other Equity	10	1,321.41	1,095.64	1,025.27
Non Controlling Interest		63.85	52.09	5.86
Total Equity		**1,426.32**	**1,189.39**	**1,075.43**
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	11	596.44	526.76	419.06
Other Financial Liabilities	12	0.45	0.18	0.18
Deferred Tax Liabilities (Net)	13	155.44	127.06	102.66
Total Non-Current Liabilities		**752.33**	**654.00**	**521.90**
Current Liabilities				
Financial Liabilities				
Borrowings	14	839.29	706.40	648.32
Trade Payables		299.72	305.19	248.83
Other Current Liabilities	15	153.56	91.00	156.60
Provisions	16	27.83	20.50	14.62
Total Current Liabilities		**1,320.40**	**1,123.09**	**1,068.37**
Total Liabilities		**2,072.73**	**1,777.09**	**1,590.27**
TOTAL EQUITY AND LIBILITIES		**3,499.05**	**2,966.48**	**2,665.70**
Summary of Significant Accounting Policies and other Explanatory Information	**25-33**			

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and
Managing Director

Rashesh C. Gogri
Vice Chairman and
Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Consolidated Statement of Profit & Loss for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
REVENUE			
Revenue from Operations	17	3163.46	3006.59
Other Income	18	1.96	5.94
Total Revenue		**3165.42**	**3012.53**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	19	1673.13	1603.50
Purchases of Stock-in-Trade		101.77	114.99
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	20	(31.62)	49.30
Employee Benefits Expense	21	152.28	120.70
Finance Costs	22	117.34	116.98
Depreciation and Amortisation Expenses	1	122.52	98.50
Other Expenses	23	614.42	545.83
Total Expenses		**2749.84**	**2649.80**
PROFIT BEFORE TAX		**415.60**	**362.73**
TAX EXPENSES			
Current Year Tax		84.62	74.35
Earlier Year Tax		0.21	21.28
MAT Credit Entitlement		(25.15)	(19.75)
Deferred Tax		28.38	18.75
Total Tax Expenses		**88.06**	**94.63**
PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES		**327.54**	**268.10**
Profit attributable to Non Controlling Interest		**(11.76)**	**(11.22)**
Share of Profit/(Loss) of Associates		**NIL**	**NIL**
Profit/(Loss) for the period		**315.78**	**256.88**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair value of investment		5.72	(10.78)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**321.50**	**246.10**
Earnings Per Equity Share (EPS) (in ₹)	24		
Basic/Diluted		38.45	30.83
Summary of Significant Accounting Policies and other Explanatory Information	25-33		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and
Managing Director

Rashesh C. Gogri
Vice Chairman and
Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Statement of Changes in Equity for the year ended 31st March, 2017

A. EQUITY SHARE CAPITAL

(₹ in Crs)

As at 1st April, 2015	44.30
Changes in equity share capital during the year 2015-16	(2.64)
As at 31st March, 2016	**41.66**
Changes in equity share capital during the year 2016-17	(0.60)
As at 31st March, 2017	**41.06**

B. OTHER EQUITY

(₹ in Crs)

Particulars	Other Equity												Other Comprehensive Income	Total Other Equity
	Reserves and Surplus													
	Capital Reserve	Capital Redemption Reserve	Capital Reserve on Consolidation	Securities Premium Account	Debenture Redumption Reserve	Amalgamation Reserve	General Reserve	State Investment Subsidy	Forfeiture Reserve	Revaluation Reserve	RBI Reserve U/s 45(IC)	Retained Earnings		
As at 1st April, 2015	**69.38**	**0.55**	**4.53**	**22.42**	**30.00**	**10.77**	**141.14**	**0.52**	**1.85**	**0.54**	**1.43**	**708.47**	**33.67**	**1,025.27**
Pursuant to the scheme of Amalgamation	(56.14)	0.72	-	0.94	-	(1.07)	2.30	-	-	-	-	(0.49)	-	(63.44)
Adjustment on Consolidation	-	-	(4.53)	-	-	0.00	-	-	-	-	-	(2.47)	-	(7.00)
Transfer to Other Reserves from Retained Earnings	-	-	-	-	30.00	-	27.79	-	-	-	0.48	(58.27)	-	NIL
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	256.88	-	256.88
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	(94.85)	-	(94.85)
Tax on Dividend	-	-	-									(19.55)	-	(19.55)
Intergroup Dividend	-	-	-	-	-	-	-	-	-	-	-	9.98	-	9.98
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	-	-	-	(0.78)	-	(0.78)
Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	(0.09)	-	(0.09)
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-		-	(10.78)	(10.78)
Balance as at 31st March, 2016	**13.24**	**1.27**	**NIL**	**23.36**	**60.00**	**NIL**	**171.23**	**0.52**	**1.85**	**0.54**	**1.91**	**798.83**	**22.89**	**1,095.64**
Transfer to/(from) Other Reserves	0.52	-	-	-	-	-	-	(0.52)	-	-	-	-	-	NIL
Upon buyback 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
Balance as at 31st March, 2017	**13.76**	**1.87**	**NIL**	**1.37**	**90.00**	**NIL**	**130.97**	**NIL**	**1.85**	**0.54**	**2.02**	**1,050.42**	**28.61**	**1,321.41**

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh	**Rajendra V. Gogri**	**Rashesh C. Gogri**	**Shantilal T. Shah**	**Chetan Gandhi**	**Mona Patel**
Partner	Chairman and Managing Director	Vice Chairman and Managing Director	Vice Chairman	Chief Financial Officer	Company Secretary

Place: Mumbai
Date: May 19, 2017

Significant Accounting Policies:

(a) **Background:**

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

(b) **Accounting Basis:**

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.

These consolidated financial statements are the Group's first Ind AS consolidated financial statements. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

(c) **Principles of Consolidation :**

(i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard 110 - Consolidated Financial Statements & Indian Accounting Standard 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, 2017.

(iii) In case of Foreign Subsidiary, revenue items are consolidated at the average rate prevailing during the period. All Assets (except Fixed Assets) and liabilities are converted at the rates, prevailing at the end of the year. In case of Fixed Assets, the same is consolidated at the rate applicable in the year of acquisition of the said assets. Any exchange difference arising on consolidation is recognised as Translation difference in Reserves & Surplus.

(iv) The consolidation of financial statements of the Parent Company and its Subsidiaries is done on line by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

(v) Non-Controlling interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.

(vi) As far as possible, the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.

(vii) Investments in Associates are accounted for using equity method in accordance with Indian Accounting Standard 28 (Ind AS-23) "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 and Depreciation:

(i) Property, Plant and Equipment (PPE)

On adoption of Ind AS, the Company retained the carrying value for all of its property, plant and equipment as recongnised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used that as its deemed cost as permitted by Ind AS 101, 'First-time Adoption of Indian Accounting Standards'.

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

(ii) Depreciation

(A) Depreciation on Fixed Assets other than Leasehold Land and those mentioned above are provided under Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 till FY 2013-14. Further in case of Assets installed by the company in one plant, taken on operating lease, the Depreciation was provided on Reducing Balance Method at the rate prescribed under Schedule XIV of the Companies Act, 1956 till FY 2013-14.

(B) Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs effective 1st April 2014, 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 revised 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 & Equipment	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 3 years
(vi) Furniture and Fixtures	Over a period of 10 years
(vii) Vehicles	Over a period of 7 years

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

(iii) 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) **Investments:**

(i) Investments in subsidiaries and associates are measured at cost.

(ii) Other investments are measured at fair value through Other Comprehensive Income'.

(g) **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.

(h) **Retirement Benefits:**

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

(i) **Foreign Currency Transactions:**

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

(j) **Research and Development:**

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

(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.

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

1. PROPERTY, PLANT AND EQUIPMENT:

(₹ 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	NIL	NIL	3.68	0.26	NIL	NIL	0.26	3.42	3.42
	Lease Hold Land	55.88	61.67	NIL	115.55	3.38	0.54	NIL	3.92	111.63	50.50
	Residential Flat	0.00	NIL	NIL	0.00	0.00	0.00	NIL	0.00	0.00	0.00
	Buildings	161.00	59.97	NIL	220.97	43.79	9.90	NIL	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	NIL	33.32	9.34	2.57	NIL	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	NIL	21.96	19.96	0.30	NIL	20.26	1.70	NIL
	Technical Knowhow	1.38	NIL	NIL	1.38	1.38	NIL	NIL	1.38	NIL	NIL
	Goodwill	6.19	NIL	NIL	6.19	6.19	NIL	NIL	6.19	NIL	NIL
	Computer Software	0.38	NIL	NIL	0.38	0.38	NIL	NIL	0.38	NIL	NIL
	Copyrights and Patents	9.66	NIL	NIL	9.66	9.66	NIL	NIL	9.66	NIL	NIL
	Goodwill on Consolidation	1.24	NIL	NIL	1.24	0.82	NIL	NIL	0.82	0.42	0.42
	Total (ii)	**38.81**	**2.00**	**NIL**	**40.81**	**38.39**	**0.30**	**NIL**	**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

(₹ in Crs.)

F.Y. 2015-16		GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
Particulars		Balance as at 1st April, 2015	Additions/ (Disposals)	Deduction/ Adjustment	Adjustment on Consolidation	Balance as at 31st March, 2016	Balance as at 1st April, 2015	Depreciation charge for the year	Deduction / Adjustment	Adjustment on Consolidation	Balance as at 31st March, 2016	Balance as at 31st March, 2016	Balance as at 31st March, 2015
(i)	Tangible Assets												
	Free hold Land	3.68	NIL	NIL	NIL	3.68	0.26	NIL	NIL	NIL	0.26	3.42	3.42
	Lease Hold Land	42.17	2.42	NIL	9.29	54.88	2.66	0.41	NIL	0.31	3.38	50.50	39.51
	Residential Flat	0.00	0.00	NIL	NIL	0.00	0.00	0.00	NIL	NIL	0.00	0.00	0.00
	Buildings	123.61	36.00	NIL	1.39	161.00	35.97	7.35	(0.01)	0.46	43.79	117.21	87.64
	Plant and Equipment	1,427.44	294.61	15.99	50.02	1,756.08	608.50	85.15	0.13	16.04	709.56	1,046.52	818.94
	R&D Assets	15.49	7.58	NIL	NIL	23.07	7.65	1.69	NIL	NIL	9.34	13.73	7.84
	Furniture and Fixtures	18.48	2.37	NIL	0.30	21.15	14.36	1.70	NIL	0.29	16.35	4.80	4.12
	Vehicles	17.17	4.83	0.69	2.46	23.77	11.75	2.16	0.32	0.82	14.41	9.36	5.42
	Total (i)	**1,648.04**	**347.81**	**16.68**	**63.46**	**2,042.63**	**681.15**	**98.46**	**0.44**	**17.92**	**797.09**	**1,245.54**	**966.89**
(ii)	Intangible Assets												
	Process Development	19.96	NIL	NIL	NIL	19.96	19.96	NIL	NIL	NIL	19.96	NIL	NIL
	Technical Knowhow	0.08	NIL	NIL	1.30	1.38	0.08	NIL	NIL	1.30	1.38	NIL	NIL
	Goodwill	6.16	NIL	NIL	0.03	6.19	6.16	NIL	NIL	0.03	6.19	NIL	NIL
	Computer Software	0.38	NIL	NIL	NIL	0.38	0.34	0.04	NIL	NIL	0.38	NIL	0.04
	Copyrights and Patents	9.66	NIL	NIL	NIL	9.66	9.66	NIL	NIL	NIL	9.66	NIL	NIL
	Goodwill on Consolidation	0.82	0.42	NIL	NIL	1.24	0.82	NIL	NIL	NIL	0.82	0.42	NIL
	Total (ii)	**37.06**	**0.42**	**NIL**	**1.33**	**38.81**	**37.02**	**0.04**	**NIL**	**1.33**	**38.39**	**0.42**	**0.04**
	TOTAL (i+ii)	**1,685.10**	**348.23**	**16.68**	**64.79**	**2,081.44**	**718.17**	**98.50**	**0.44**	**19.25**	**835.48**	**1,245.96**	**966.93**
(iii)	**Capital Work-in-Progress**											313.01	192.97

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 ₹5.16 Crs (previous year ₹7.20 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 Ltd. of ₹0.01 Crs (previous year ₹0.01 Crs) in respect of its revalued assets have been adjusted against itsRevaluation Reserve.

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

2. NON-CURRENT INVESTMENTS:

(₹ in Crs.)

Name of the Company	No. of Shares/ Units	As at 31st March, 2017	No. of Shares/ Units	As at 31st March, 2016	No. of Shares/ Units	As at 1st April, 2015
Trade Investments - (Quoted) in Equity Shares						
Aarti Drugs Ltd.	491,790	28.32	500,118	22.62	500,118	32.51
Bank of India	NIL	NIL	NIL	NIL	285	0.02
Glenmark Pharmaceuticals Ltd.	NIL	NIL	NIL	NIL	400	0.01
		28.32		**22.62**		**32.54**
Investments - (Unquoted) in Equity Shares of Associate Companies						
Ganesh Polychem Ltd.	NIL	NIL	NIL	NIL	3,068,257	48.50
Anushakti Holdings Ltd.	NIL	NIL	NIL	NIL	8,846,490	24.66
Anushakti Chemicals & Drugs Ltd.	NIL	NIL	NIL	NIL	15,529,136	51.39
Aarti Biotech Ltd.	NIL	NIL	NIL	NIL	421,700	0.09
Aarti Intermediates Pvt. Ltd.	NIL	NIL	NIL	NIL	22,125	0.00
Perfect Enviro Control Systems Ltd.	NIL	NIL	NIL	NIL	380,640	0.14
		NIL		**NIL**		**124.78**
Investments - (Unquoted) in Equity Shares of Other Companies						
Ichalkaranji Janata Sahakari Bank Ltd.	1,020	0.01	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Ltd.	61	0.01	61	0.01	61	0.01
Narmada Clean Tech Ltd.	287,550	0.13	287,550	0.13	102,230	0.13
Dilesh Roadlines Pvt. Ltd.	464,550	1.43	464,550	0.00	464,550	1.62
Indusken Pharmaceuticals Pvt. Ltd.	200,000	0.20	200,000	0.20	200,000	0.20
U.K.I.P. Co-Op. Soc. Ltd.	35	0.00	35	0.00	35	0.00
Aarti Ventures Ltd.	190,000	0.16	190,000	0.19	190,000	0.16
Tarapur Environment Protection Society	7,188	0.62	7,188	0.62	7,188	0.07
Derma Touch Inc.	125,000	1.34	125,000	1.34	NIL	NIL
Dispo Dyechem Ltd.	240,005	0.00	240,005	0.00	240,005	0.21
SBPP Bank Ltd.	783	0.01	783	0.01	783	0.01
Deltecs Infotech Pvt. Ltd.	853	0.11	858	0.11	858	0.28
Bewakoof Brands Pvt. Ltd.	4,033	0.75	4,033	0.75	4,033	0.57
Amarjyot Chemicals Ltd.	35,963	2.17	35,963	2.17	NIL	NIL
Polygomma Industries Pvt. Ltd.	72,336	0.32	72,336	0.32	72,336	0.77
Numbermask Digital Pvt. Ltd.	1,125	0.00	1,125	0.00	1,125	0.23
Trans Retail Ventures Pvt. Ltd.	28,796	0.03	28,796	1.29	6,566	1.08
Gujarat State Financial Corporation	NIL	NIL	300	0.00	300	0.00
Aarti Biotech Ltd.	421,700	0.10	421,700	0.10	421,700	NA
Aarti Intermediates Pvt. Ltd.	22,125	0.00	22,125	0.00	22,125	NA

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

2. NON-CURRENT INVESTMENTS: (contd.)

(₹ in Crs.)

Name of the Company	No. of Shares/ Units	As at 31st March, 2017	No. of Shares/ Units	As at 31st March, 2016	No. of Shares/ Units	As at 1st April, 2015
Perfect Enviro Control Systems Ltd.	380,640	0.18	380,640	0.18	380,640	NA
Amery Trading Pvt. Ltd.	NIL	NIL	NIL	NIL	5,000	0.01
Draagon Drugs Pvt. Ltd.	NIL	NIL	NIL	NIL	64,500	0.66
		7.57		**7.43**		**6.02**
Investments - (Unquoted) in Limited Liability Partnership						
Aarti Udyog Limited Liability Partnership	NA	3.80	NA	3.80	NA	3.80
		3.80		**3.80**		**3.80**
Investments - (Unquoted) in Unsecured Convertible Debentures						
Aarti Ventures Ltd.	727,000	7.27	727,000	7.27	575,000	5.75
		7.27		**7.27**		**5.75**
Investments - Mutual Funds						
IIFL Cash Opportunities Fund (Class B)	**NIL**	**NIL**	**136,819**	**0.14**	**NIL**	**NIL**
		NIL		**0.14**		**NIL**
TOTAL		**46.96**		**41.26**		**172.89**

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
3. OTHER NON-CURRENT ASSETS:			
a. Capital Advances	39.46	44.47	37.96
b. Other Deposits	30.32	30.70	20.37
Advance Tax and Tax Deducted at Source (Net of Provision)	98.58	57.09	44.94
TOTAL	**168.36**	**132.26**	**103.27**
4. INVENTORIES:			
a. Raw Materials and Components	192.36	160.53	161.68
b. Work-in-progress Finished Goods	162.37	141.97	173.53
c. Finished Goods	131.88	167.94	183.27
d. Stock-in-trade	51.01	3.73	2.47
e. Stores and spares	13.23	7.43	7.16
f. Fuel	15.35	9.03	20.14
g. Packing Materials	5.21	4.56	3.48
TOTAL	**571.41**	**495.19**	**551.73**

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
5. TRADE RECEIVABLES:			
Trade receivables outstanding for a period less than six months:			
Unsecured, considered good	486.98	482.85	408.42
Trade receivables outstanding for a period exceeding six months:			
Unsecured, considered good	37.69	40.55	30.56
TOTAL	**524.67**	**523.40**	**438.98**
6. CASH AND CASH EQUIVALENTS:			
Cash on hand	0.62	1.16	1.4
Bank balance in Current Accounts	19.42	21.27	28.75
Bank deposits kept as Margin Money	6.38	3.68	1.56
Earmarked Balances (Unpaid Dividend Accounts)	2.08	2.88	2.00
TOTAL	**28.50**	**28.99**	**33.71**

The Ministry of Corporate Affairs (MCA) in its notification dated 30th March, 2017 amended Schedule III to the Companies Act, requiring companies to provide the following disclosure in the financial statements in respect of Specified Bank Notes(SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016 by the Holding Company & its Indian Subsidaries .

(₹ in Crs.)

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand as on 8th November, 2016	0.68	0.58	1.26
(+) Permitted receipts	*0.00	0.93	0.93
(-) Permitted payments	NIL	(0.79)	(0.79)
(-) Amount deposited in Banks	(0.68)	(0.01)	(0.69)
Closing cash in hand as on 30th December, 2016	**NIL**	**0.71**	**0.71**

* Permitted receipts in SBNs ₹25,000/- received from the Judicial Magistrate Class-I, Dhar, M.P., against Case No. 459/15.

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
7. OTHER CURRENT FINANCIAL ASSETS:			
Balances with Customs, Port Trust, Central Excise & Sales Tax Authorities	139.20	116.08	137.42
Loans Given to Employees	7.01	7.17	7.37
Loans Given to Others	22.49	44.67	28.14
TOTAL	**168.70**	**167.92**	**172.93**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
8. OTHER CURRENT ASSETS:			
Others Receivables	7.47	3.96	5.65
Prepaid Expenses	5.58	3.30	1.66
Subsidy Receivable	6.61	6.98	20.75
Insurance Claim Receivable	4.25	4.25	4.25
TOTAL	**23.91**	**18.49**	**32.31**

9. EQUITY SHARE CAPITAL:

(₹ in Crs.)

Particulars	No. of Shares	As at 31st March, 2017	No. of Shares	As at 31st March, 2016	No. of Shares	As at 1st April, 2015
Authorised Share Capital						
Equity Shares of ₹5/- each	230,150,320	115.08	230,150,320	115.08	125,000,000	62.50
Issued, Subscribed & Paid up						
Equity Shares of ₹5/- each fully paid up	82,120,383	41.06	83,320,383	41.66	88,591,687	44.30
TOTAL		**41.06**		**41.66**		**44.30**

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2017:

Particulars	No. of Shares outstanding		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Equity Shares at the beginning of the year	83,320,383	88,591,687	88,591,687
Add: Shares issued during the year pursuant to the Scheme of Amalgamation	NIL	16,726,401	NIL
Less: Shares cancelled during the year pursuant to the Scheme of Amalgamation	NIL	21,997,705	NIL
Less: Shares buy back during the year	1,200,000	NIL	NIL
Equity Shares at the end of the year	**82,120,383**	**83,320,383**	**88,591,687**

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Chandrakant Vallabhai Gogri	7,404,834	9.02	2,494,234	2.99	1,851,727	2.09
HDFC Trustee Company Ltd.	6,267,393	7.63	6,098,810	7.32	6,480,510	7.32
Rashesh Chandrakant Gogri	4,797,248	5.84	6,214,118	7.46	3,964,221	4.47
Hetal Gogri Gala	2,977,894	3.63	6,056,319	7.27	3,703,689	4.18
Anushakti Holding Ltd.	NIL	N.A.	NIL	N.A.	7,085,301	8.00
Gogri and Sons Investments Pvt. Ltd.	NIL	N.A.	NIL	N.A.	5,973,773	6.74
Alchemie Leasing & Financing Pvt. Ltd.	NIL	N.A.	NIL	N.A.	5,309,098	5.99

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

Particulars	Financial Year 2016-17	2015-16	2014-15	2013-14	2012-13
No. of Equity Shares outstanding (Refer Note No. 9.4)	82,120,383	83,320,383	88,591,687	88,591,687	79,120,073

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

[a] 843,649 (previous year 8,43,649) were issued to Shareholders of Surfactant Specialities Ltd. pursuant to its Merger with the Company.

[b] 42,000 (previous year 42,000) were issued to Shareholders of Avinash Drugs Ltd. pursuant to its Merger with the Company.

[c] 3,025,000 (previous year 3,025,000) were issued towards Preferential allotment at a premium of ₹30.65 paise to Warrantholders.

[d] 2,400,000 (previous year 2,400,000) have been issued towards Preferential allotment at a premium of ₹53/- to Warrantholders.

[e] 9,471,614 (previous year 9,471,614) were issued to Shareholders of Anushakti Chemicals & Drugs Ltd. pursuant to its Scheme of arrangement with the Company.

[f] 1,67,26,401 (previous year 1,67,26,401) were issued to Shareholders of Anushakti Chemicals & Drugs Ltd, Anushakti Holdings Ltd, Gogri and Sons Investments Pvt Ltd, and Alchemie Leasing & Financing Pvt. Ltd. pursuant to the Scheme of Amalgamation with the Company & 2,19,97,705 (previous year 2,19,97,705) being held by them as investments had been cancelled. Hence on net basis 52,71,304 shares of the company has been cancelled.

[g] 12,00,000 (previous year NIL) were brought back at a premium of ₹795/-

10. OTHER EQUITY:

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a. Capital Reserves			
Opening Balance	13.24	69.38	69.22
Addition:			
Pursuant to the Scheme of Amalgamation	NIL	0.10	0.16
Transferred from State Investment Subsidy Reserve	0.52	NIL	NIL
Deduction:			
Pursuant to the Scheme of Amalgamation	NIL	56.24	NIL
Closing Balance	**13.76**	**13.24**	**69.38**
b. Capital Redemption Reserve			
Opening Balance	1.27	0.55	0.55
Addition			
Pursuant to the Scheme of Amalgamation	NIL	0.72	NIL
Upon buy-back of Shares	0.60	NIL	NIL
Deduction	NIL	NIL	NIL
Closing Balance	**1.87**	**1.27**	**0.55**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

10. OTHER EQUITY: (contd.)

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
c. Securities Premium Account			
Opening Balance	23.36	22.42	21.99
Addition	NIL	0.94	0.43
Deduction: upon buyback of shares	21.99	NIL	NIL
Closing Balance	**1.37**	**23.36**	**22.42**
d. Debenture Redemption Reserve			
Opening Balance	60.00	30.00	NIL
Addition: Transferred from Profit & Loss Account	30.00	30.00	30.00
Deduction	NIL	NIL	NIL
Closing Balance	**90.00**	**60.00**	**30.00**
e. Amalgamation Reserve			
Opening Balance	NIL	10.77	10.77
Addition	NIL	NIL	NIL
Deduction: Pursuant to Scheme of Amalgmation	NIL	10.77	NIL
Closing Balance	**NIL**	**NIL**	**10.77**
f. RBI Reserve U/s 45 (IC)			
Opening Balance	1.91	1.43	0.58
Addition: Transferred from Profit & Loss Account	0.11	0.48	0.85
Deduction:	NIL	NIL	NIL
Closing Balance	**2.02**	**1.91**	**1.43**
g. General Reserve			
Opening Balance	171.23	141.14	122.14
Addition:			
Pursuant to the Scheme of Amalgamation	NIL	2.30	NIL
Transferred from Profit & Loss Account	33.75	27.79	19.00
Deduction: upon buyback of shares	74.01	NIL	NIL
Closing Balance	**130.97**	**171.23**	**141.14**
h. Profit and Loss Account			
Opening balance	798.83	708.47	594.21
Addition:			
Net Profit/(Loss) for the year	315.78	256.88	205.88
Deduction:			
1st Interim Dividend	1.81	31.73	21.44
2nd Interim Dividend	NIL	17.26	13.89

10. OTHER EQUITY: (contd.)

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
3rd Interim Dividend	NIL	29.16	NIL
Proposed Dividend	NIL	16.70	NIL
Tax on Dividend	0.24	19.55	6.88
Other Adjustment	NIL	0.09	NIL
Adjustment on account of Merger	NIL	0.49	0.16
Adjustment on Consolidation	(0.43)	2.47	0.48
Foreign Exchange Differnce on Translation	(0.08)	0.78	(0.18)
Intergroup Dividend	(1.21)	(9.98)	(0.90)
Transferred to Reserves	63.86	58.27	49.85
Closing Balance	**1,050.42**	**798.83**	**708.47**
i. Other Reserves			
State Investment Subsidy	NIL	0.52	0.52
Revaluation Reserve	0.53	0.54	0.54
Forfeiture Reserve	1.85	1.85	1.85
Capital Reserve on Consolidation	NIL	NIL	4.53
Closing Balance	**2.38**	**2.91**	**7.44**
j. Other Comprehensive Income			
Opening Balance	22.90	33.67	NIL
OCI for the year	5.72	(10.78)	33.67
Closing Balance	**28.62**	**22.89**	**33.67**
TOTAL	**1,321.41**	**1,095.64**	**1,025.27**

11. NON-CURRENT BORROWINGS:

(₹ in Crs.)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Secured						
(a) Non Convertible Debentures (NCDs)	200.00	NIL	200.00	NIL	200	NIL
(b) ECB/Term loans from Banks/Financial Institutions	395.56	127.26	324.98	57.54	218.24	134.15
(c) Vehicle Loans from Banks/Financial Institutions	0.88	0.86	1.78	0.91	0.82	0.72
TOTAL	**596.44**	**128.12**	**526.76**	**58.45**	**419.06**	**134.87**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
12. OTHER FINANCIAL LIABILITIES:			
Unsecured Loan From Others	0.45	0.18	0.18
TOTAL	**0.45**	**0.18**	**0.18**
13. DEFERRED TAX LIABILITIES (NET):			
Deferred Tax Liabilities	127.06	102.66	84.66
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws	30.32	24.73	18.74
Deferred Tax Assets			
Items allowed for tax purpose on payment	(1.94)	(0.33)	(0.74)
Deferred Tax Liabilities (Net)	**155.44**	**127.06**	**102.66**
14. SHORT-TERM BORROWINGS:			
Secured			
Working Capital Loan From Banks	749.69	687.59	604.62
	749.69	**687.59**	**604.62**
Unsecured			
From Banks	88.46	17.23	42.70
From Other	1.14	1.58	1.00
	89.60	**18.81**	**43.70**
TOTAL	**839.29**	**706.40**	**648.32**
15. OTHER CURRENT LIABILITIES:			
(a) Current maturities of Long-Term Debt	127.26	57.54	134.15
(b) Current maturities of Vehicle Loan	0.86	0.91	0.72
(c) Interest accrued but not due on borrowings	18.61	18.93	15.76
(d) Unpaid Dividends	2.08	2.88	2.00
(e) Deposits	0.17	0.16	0.16
(f) Sales Tax Deferred Liability	0.15	0.15	0.29
(g) Other Current Liabilities & Taxes	4.43	10.43	3.52
TOTAL	**153.56**	**91.00**	**156.60**
16. SHORT-TERM PROVISIONS:			
Provision for			
Employees' Benefits	26.71	20.50	14.62
Others	1.12	NIL	NIL
TOTAL	**27.83**	**20.50**	**14.62**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
17. REVENUE FROM OPERATIONS:			
Sale of Products		3,105.63	2,945.88
Sale of Services		9.00	10.33
Other Operating Revenues (Refer Note No. 17.1)		48.83	50.38
GROSS REVENUE OPERATIONS		**3,163.46**	**3,006.59**
17.1 OTHER OPERATING REVENUES:			
Fertilizers Subsidy Received		19.67	24.66
Export Benefits/Incentives		22.43	21.07
Scrap Sales		5.00	4.65
VAT Refund Received		1.73	NIL
	TOTAL	**48.83**	**50.38**
18. OTHER INCOME:			
Dividend Received		0.00	1.65
Profit on Sale of Assets/Investment		0.80	0.69
Lease Rent Income		0.25	0.24
Other Income		0.91	3.36
	TOTAL	**1.96**	**5.94**
19. COST OF MATERIALS CONSUMED:			
Consumption of Raw Materials		1,465.48	1,409.03
Consumption of Packing Materials		37.66	34.39
Consumption of Fuel		110.63	100.37
Consumption of Stores & Spares		59.36	59.71
	TOTAL	**1,673.13**	**1,603.50**
20. CHANGE IN INVENTORY:			
Opening Stock			
Finished Goods		171.67	188.10
Work-in-Progress		141.97	176.11
	Total (A)	**313.64**	**364.21**
Closing Stock			
Finished Goods		182.89	172.94
Work-in-Progress		162.37	141.97
	Total (B)	**345.26**	**314.91**
	TOTAL (A-B)	**(31.62)**	**49.30**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
21. EMPLOYEE BENEFITS:			
Salaries, Wages & Bonus		137.01	108.16
Contribution to PF and other Funds		8.10	6.20
Workmen & Staff Welfare Expenses		7.17	6.34
	TOTAL	**152.28**	**120.70**
22. FINANCE COST:			
Interest on NCD's		23.50	23.50
Other Interest Expenses		87.40	84.86
Other Borrowing Costs		6.44	8.62
	TOTAL	**117.34**	**116.98**
23. OTHER EXPENSES:			
Manufacturing Expenses:			
Freight, Cartage & Transport		88.20	83.10
Power		101.45	92.03
Water Charges		8.64	7.74
Processing Charges		29.84	20.91
Other Manufacturing Expenses		88.23	75.92
Repairs & Maintenance		71.33	52.94
Insurance Charges		2.51	2.21
Research & Development Expenses		11.38	10.36
Factory Administrative Expenses		25.34	20.67
	Total (A)	**426.92**	**365.88**
Office Administrative Expenses:			
Rent, Rates and Taxes		2.20	3.96
Travelling and Conveyance		5.84	5.00
Auditor's Remuneration (Refer Note No. 23.1)		0.28	0.26
Legal & Professional Charges		4.68	3.80
Postage, Telegraph & Telephone		0.90	0.80
Printing & Stationery Expenses		0.94	0.86
Other Administrative Expenses		8.13	7.89
	Total (B)	**22.97**	**22.57**
Selling & Distribution Expenses:			
Advertisement & Sales Promotion		5.30	4.70
Export Freight Expenses		50.23	49.42
Freight and Forwarding Expenses		76.53	69.81
Commission		8.20	9.20
Export Insurance Charges		1.82	1.66

(₹ in Crs.)

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
Sample Testing & Analysis Charges		0.95	0.88
Provision for Doubtful Debts		NIL	5.00
Lease Rent Paid		11.23	8.70
Prior Period Expenses		NIL	0.09
Other Expenses		0.11	0.02
Sales Tax & Other Dues Paid		0.69	0.11
Bad Debts Written Off		NIL	1.16
Sundry Balance Written Off/(Back)		0.55	1.17
	Total (C)	**155.61**	**151.92**
Non-Operating Expenses:			
Donations and CSR Expenses		8.92	5.32
Loss on Sale of Assets/Investment		0.00	0.14
	Total (D)	**8.92**	**5.46**
	TOTAL (A+B+C+D)	**614.42**	**545.83**

23.1 AUDITOR'S REMUNERATION:

Audit Fees		0.19	0.14
Certification Charges		0.03	0.03
Out of Pocket Expenses		0.02	0.02
	TOTAL	**0.24**	**0.19**

24. EARNING PER SHARE (EPS):

Net Profit after Tax	(₹ in Crs.)	327.54	268.10
Profit attributable to Non-Controlling Intrest	(₹ in Crs.)	(11.76)	(11.22)
Share of Profit/(Loss) of Associates	(₹ in Crs.)	NIL	NIL
Net Profit After Consolidation avaliable for Equity Shareholders	(₹ in Crs.)	**315.78**	**256.88**
No. of Equity Shares	(Nos.)	82,120,383	83,320,383
Basic & Diluted EPS	(₹)	38.45	30.83
Nominal Value of Equity Share	(₹)	5.00	5.00

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

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

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	69.47	72.25
(b) Letters of Credit, Bank Guarantees & Bills Discounted	69.15	51.21
	138.62	**123.46**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	60.88	41.25
	60.88	41.25
TOTAL	**199.50**	**164.71**

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 Industries
2. Alchemie Laboratories
3. Aarti Drugs Ltd.
4. Alchemie Dye Chem Pvt. Ltd.

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.**

Sr. No.	Name	Status
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	Company Secretary

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

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

(₹ in Crs.)

Sr. No.	Description of Transaction	Year	Other related Enterprises Firms
1	Sales of Finished Goods/Sales Income	CY	**31.87**
		PY	32.36
2	Purchases of Raw Materials/Finished Goods	CY	**16.81**
		PY	27.31
3	Other Manufacturing Expenses	CY	**2.68**
		PY	2.84
4	Rent paid	CY	**0.15**
		PY	0.15
5	Other Income	CY	**0.03**
		PY	0.03
6	Sale of Fixed Assets	CY	**0.04**
		PY	-
7	Purchase of Fixed Assets	CY	**1.91**
		PY	-
8	Inter-Corporate Deposits taken/(Repaid) during the year	CY	-
		PY	-
9	Inter-Corporate Deposits given/(Received back) during the year	CY	-
		PY	0.30
10	Interest Income on the Inter-Corporate Deposits placed/unsecured - loans/NCDs	CY	-
		PY	0.02
11	Dividend Received	CY	-
		PY	0.49
12	Outstanding items pertaining to the related parties at the balance sheet date - -Receivable/(Payable)	CY	**0.99**
		PY	5.98

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

(₹ in Crs.)

Particulars		Financial Year 2016-17	Financial Year 2015-16
a.	Remuneration including perquisites #	8.79	8.59
b.	Commission to Directors/KMPs	7.79	6.82
c.	Sitting Fees	0.03	0.03
d.	Rent paid	0.99	0.92
e.	Travelling Expenses	0.97	0.88
f.	Telephone Expenses	0.07	0.04
	TOTAL	**18.64**	**17.28**

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

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

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

27. SEGMENT REPORTING:

(₹ in Crs.)

Particulars	Financial Year 2016-17	Financial Year 2015-16
(A) Primary Segments: Business Segments		
1. Segment Revenue:		
a) Speciality Chemicals	2,569.29	2,430.36
b) Pharmaceuticals	426.07	425.76
c) Home & Personal Care Chemicals	168.10	150.47
TOTAL	**3,163.46**	**3,006.59**
2. Segment Results Profit/(Loss):		
Before Tax and Interest from each Segment		
a) Speciality Chemicals	565.75	503.64
b) Pharmaceuticals	48.13	38.80
c) Home & Personal Care Chemicals	0.77	(0.24)
Total (A)	**614.65**	**542.20**
Less: Interest	117.33	116.97
Other Unallocable Expenditure (Net)	81.72	62.50
Total (B)	**199.05**	**179.47**
Total Profit before Tax (A-B)	**415.60**	**362.73**
3. Segment Assets:		
a) Speciality Chemicals	2,516.74	2,121.92
b) Pharmaceuticals	628.99	580.77
c) Home & Personal Care Chemicals	152.52	110.26
d) Unallocated Capital	200.79	128.72
TOTAL	**3,499.04**	**2,941.67**
Segment Liabilities:		
a) Speciality Chemicals	397.66	342.47
b) Pharmaceuticals	57.03	52.86
c) Home & Personal Care Chemicals	26.88	21.41
d) Unallocated Capital	155.44	127.18
TOTAL	**637.01**	**543.92**
(B) Secondary Segments: Geographical Segments		
a) India	1,640.50	1,575.14
b) Out of India	1,522.96	1,431.45
TOTAL	**3,163.46**	**3,006.59**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

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	(₹ in Crs)	As % of Consolidated Profit or Loss	(₹ in Crs)
Parent				
Aarti Industries Ltd.	96.16%	1,310.09	97.12%	306.68
Subsidiaries				
Alchemie (Europe) Ltd.	0.07%	0.99	(0.03%)	(0.10)
Aarti USA Inc.	0.02%	0.21	(0.24%)	(0.77)
Aarti Corporate Services Ltd.	0.66%	8.99	0.21%	0.67
Ganesh Polychem Ltd.	8.49%	115.61	5.97%	18.86
Innovative Envirocare Jhagadia Ltd.	0.02%	0.29	0.00%	-
Nascent Chemical Industries Ltd.	0.81%	11.08	1.52%	4.81
Shanti Intermediates Pvt Ltd.	0.00%	0.06	(0.22%)	(0.69)
Non-Controlling Interest in all Subsidiaries	(4.69%)	(63.85)	(3.72%)	(11.76)
Inter Company Elimination & Consolidation Adjustment	(1.54%)	(21.00)	(0.61%)	(1.92)
TOTAL	100.00%	1362.47	100.00%	315.78

29. FAIR VALUE MEASUREMENTS:

Financial instruments by category

(₹ in Crs.)

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 1st April, 2015		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets									
At Amortised Cost									
Investments	13.39	-	-	17.97	-	-	138.78	-	-
Trade Receivables	524.67	-	-	523.40	-	-	438.98	-	-
Cash and Cash Equivalents	28.50	-	-	28.99	-	-	33.71	-	-
Other Financial Assets	262.39	-	-	261.58	-	-	263.57	-	-
At FVTOCI									
Investments	33.57	28.32	5.25	23.29	22.62	0.67	34.09	32.51	1.58
Financial Liabilities									
At Amortised Cost									
Borrowings	1,435.73	-	-	1,233.16	-	-	1,067.38	-	-
Trade Payables	299.72	-	-	305.19	-	-	248.83	-	-
Other Current Financial Liabilities	181.84	-	-	111.68	-	-	171.40	-	-

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

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

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

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

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 maximize the shareholder value.

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

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Gross Debts	1,563.85	1,291.61	1,202.25
Less: Cash and Marketable Securities	(56.82)	(51.61)	(66.21)
Net Debt (A)	**1,507.03**	**1,240.00**	**1,136.04**
Total Equity (B)	**1,426.32**	**1,189.39**	**1,075.43**
Net Gearing ratio (A/B)	**1.06**	**1.04**	**1.06**

Dividends

(₹ in Crs.)

Particulars		As at 31st March, 2017	As at 31st March, 2016
(i)	Equity shares		
	Final dividend for the year ended 31st March 2016 of ₹NIL per fully paid share	NIL	NIL
(ii)	Dividends not recognized 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 2016 -₹NIL) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	8.21	NIL

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 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 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**

As at 31st March 2016

Maturities of non-derivative financial liabilities

(₹ in Crs.)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	305.19	-	-	305.19
Other financial liabilities	817.90	526.94	-	1,344.84
Total	**1,123.09**	**526.94**	**-**	**1,650.03**

As at 1st April 2015

Maturities of non-derivative financial liabilities

(₹ in Crs.)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	248.83	-	-	248.83
Other financial liabilities	819.54	419.24	-	1,238.78
Total	**1,068.37**	**419.24**	**-**	**1,487.61**

III. **Market risk**

Foreign currency risk

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

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

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

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. EQUITY RECONCILITIAON:

A. Reconciliation of the net profits to those reported under previous Generally Accepted Accounting Principles (GAAP) are summarized as follow:

(₹ in Crs.)

Particulars	Note No.	For the year ended 31st March, 2016
Net Profit as per previous GAAP		256.88
Other Comprehensive Income (Net of Tax)	1	(10.78)
Total Comprehensive Income		**246.10**

B. Reconciliation of Equity as reported under previous Generally Accepted Accounting Principles (GAAP) are summarized as follow:

(₹ in Crs.)

Particulars	Note No.	As at 31st March, 2016	As at 1st April, 2015
Equity reported as per previous GAAP		1166.50	1022.27
Impact of measuring Investments at Fair Value - through Other Comprehensive Income (Net of tax)	1	22.89	33.67
Proposed Dividend including Tax		-	19.49
Equity reported as per IND AS		**1189.39**	**1075.43**

Note:

1 Under previous GAAP, non-current Investments were stated at cost. Where applicable, provision was made to recognize a decline, other than temporary, in valuation of such Investments. Under Ind AS, financial assets in equity instruments have been classified as Fair Value through Other Comprehensive Income (FVTOCI) through an irrevocable election at the date of transition.

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

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and
Managing Director

Rashesh C. Gogri
Vice Chairman and
Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2017

(₹ in Crs.)

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	415.60	362.73
	Adjustments for:		
	Interest and Finance Charges Paid	117.34	116.97
	Depreciation	122.52	98.50
	Consolidated Adjustments	0.00	(0.78)
	Loss on Sale of Assets	0.00	0.14
		655.46	**577.56**
	Profit on Sale of Investments/Assets	(0.80)	(0.69)
	Dividend Received from other Investments	0.00	(1.65)
	Lease Rent Received	(0.25)	(0.24)
	Operating Profit before Working Capital Changes	**654.41**	**574.98**
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	(5.68)	(21.86)
	(Increase)/Decrease in Trade Payables and Other Current Liabilities	(4.98)	53.90
	(Increase)/Decrease in Inventories	(76.22)	64.39
	Cash Generated from Operations	**567.53**	**671.41**
	Direct Taxes Paid	(97.46)	(97.83)
	Net Cash Flow from Operating Activities (A)	**470.07**	**573.58**
B.	**Cash Flow from Investing Activities:**		
	Addition to Fixed Assets/Capital WIP	(530.22)	(466.47)
	Sale/Written off of Fixed Assets	0.33	16.64
	(Increase)/Decrease in Other Investments	0.78	(4.01)
	Dividend Received from Other Investments	0.00	1.65
	Lease Rent Received	0.25	0.24
	Net Cash Flow from Investing Activities (B)	**(528.86)**	**(451.95)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds of Long-Term Borrowings	200.04	201.13
	Repayment of Long-Term Borrowings	(60.69)	(170.17)
	Proceeds/(Repayment) of Other Borrowings	132.89	52.74
	Reduction in Equity Share Capital due to Buy-back	(96.00)	NIL
	Interest and Finance Charges Paid	(117.34)	(116.97)
	Dividend Paid	(0.60)	(95.17)
	Net Cash Flow from Financing Activities (C)	**58.30**	**(128.44)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(0.49)**	**(6.81)**
	Cash and Cash Equivalents (Opening Balance)	28.99	33.71
	Cash and Cash Equivalents (Opening Balances of Merged Co)	0.00	2.09
	Cash and Cash Equivalents (Closing Balance)	**28.50**	**28.99**

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 **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and
Managing Director

Rashesh C. Gogri
Vice Chairman and
Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Independent Auditors' Report

To the Board of Directors of AARTI INDUSTRIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **AARTI INDUSTRIES LIMITED** ("the Company") and its subsidiaries which comprise the Consolidated Balance Sheet as at 31st March, 2016, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including its subsidiaries in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the Company including its subsidiaries have responsibility in each of the respective Companies which also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective Companies, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the orderly and efficient conduct of it's business, including adherence to Company's policies, the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the preparation of the consolidated financial statements by the Company's Directors, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, based on the consideration of the reports of the other auditors on the financial statements/financial information of the subsidiaries as noted below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, including its subsidiaries as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements/financial information of six subsidiaries whose financial statements/ financial information reflect total assets of ₹ 213.32 crores as at 31st March, 2016, total revenues of ₹ 170.97 crores and net cash inflows of ₹ 0.21 crores for the year then ended 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 on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries 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

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of consolidation of the accounts of its subsidiaries have been received.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in the aggregate in agreement with the relevant underlying books of accounts maintained by the Company, its subsidiaries respectively for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors of the Company as on 31st March, 2016 taken on record by the Company's Directors and the relevant assetions contained in reports of the statutory auditor of its subsidiaries incorporated in India, none of the directors of the Company, subsidiaries incorporated in India is disqualified as on 31st March, 2016 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 its subsidiaries and the operating effectiveness of such controls, refer to our separate report in "Annexure A";

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations as at 31st March, 2016 which would impact the consolidated financial position. Refer note no 25: consolidated Financial Statements.

      ii. The Company, along with subsidiaries did not have any material foreseeable losses on long-term contracts including derivative contracts.

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

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration Number: 103264W

Sd/-
CA TEJAS J. PARIKH
PARTNER
Membership No. 123215

Place: Mumbai
Date: May 6, 2016

"Annexure A" to the Independent Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of **Aarti Industries Limited** (hereinafter referred to as "the Company") and its subsidiaries, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its subsidiaries, incorporated in India are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company and its subsidiaries considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company and its subsidiaries, incorporated in India, 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 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 and its subsidiaries incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 and its subsidiaries, incorporated in India 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 31st March 2016, 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its four subsidiaries , which are companies incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration Number: 103264W

Sd/-
CA TEJAS J. PARIKH
PARTNER
Membership No. 123215

Place: Mumbai
Date: May 6, 2016

Consolidated Balance Sheet as at 31st March, 2016

(₹ in Crs.)

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	41.66	44.30
(b) Reserves and Surplus	2	1,072.75	972.11
		1,114.41	1,016.41
Minority Interest		52.09	5.86
Non-Current Liabilities			
(a) Long-Term Borrowings	3	526.76	419.06
(b) Deferred Tax Liabilities (Net)	4	127.06	102.66
(c) Other Long-Term Liabilities	5	0.18	0.18
(d) Long-Term Provisions	6	308.18	305.85
		962.18	827.75
Current Liabilities			
(a) Short-Term Borrowings	7	706.40	648.32
(b) Trade Payables		305.19	248.83
(c) Other Current Liabilities	8	91.00	156.60
(d) Short-Term Provisions	9	20.37	34.05
		1,122.96	1,087.80
	Total	**3,251.64**	**2,937.82**
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	1,245.54	966.89
(ii) Intangible Assets	10	0.42	0.04
(iii) Capital Work-in-Progress	10	313.01	192.97
(b) Non-Current Investments	11	18.37	139.20
(c) Long-Term Loans and Advances	12	474.50	441.06
		2,051.84	1,740.16
Current Assets			
(a) Inventories	13	495.19	551.73
(b) Trade Receivables	14	523.40	438.98
(c) Cash and Cash Equivalents	15	28.99	33.71
(d) Short-Term Loans and Advances	16	133.73	140.93
(e) Other Current Assets	17	18.49	32.31
		1,199.80	1,197.66
	Total	**3,251.64**	**2,937.82**
Summary of Significant Accounting Policies and other Explanatory Information	25-31		

As per our report of even date
For GOKHALE & SATHE
CHARTERED ACCOUNTANTS

Sd/-
TEJAS J. PARIKH
PARTNER

PLACE: Mumbai
DATE: 6th May, 2016

FOR AND ON BEHALF OF THE BOARD

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

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

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

Sd/-
CHETAN GANDHI
CHIEF FINANCIAL OFFICER

Sd/-
MONA PATEL
COMPANY SECRETARY

Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in Crs.)

Particulars	Note No.	For the year ended 31st March, 2016	For the year ended 31st March, 2015
REVENUE			
Revenue from Operations	18	2,779.62	2,907.96
Other Income	19	5.94	5.53
Total Revenue		**2,785.56**	**2,913.49**
EXPENSES			
Cost of materials consumed (Including Packing Material, Fuel, Stores & Spares)	20	1,357.63	1,644.32
Purchases of Stock-in-Trade		114.99	170.59
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	49.31	17.22
Employee Benefits Expense	22	120.70	93.65
Finance Costs	23	116.97	137.97
Depreciation and Amortization Expenses		98.50	81.98
Other Expenses	24	564.73	516.49
Total Expenses		**2,422.83**	**2,662.22**
PROFIT BEFORE EXCEPTIONAL ITEM & TAX		**362.73**	**251.27**
EXCEPTIONAL ITEM			
Gain due to change in depreciation method	10.6	NIL	3.48
Total		**NIL**	**3.48**
PROFIT BEFORE TAX		**362.73**	**254.75**
TAX EXPENSE			
Current Tax		74.35	47.50
MAT Credit Entitlement		(19.75)	(4.50)
Deferred Tax		18.75	17.99
Short/(Excess) Tax provisions of earlier years		21.28	0.04
Total Tax Expenses		**94.63**	**61.03**
PROFIT AFTER TAX		**268.10**	**193.72**
Profit attributable to Minority Interest		(11.22)	(1.74)
Share of Profit/(Loss) of Associates		–	13.90
PROFIT FOR THE PERIOD		**256.88**	**205.88**
Earnings Per Equity Share (EPS) (in ₹)			
Basic/Diluted	29	30.83	23.24
Summary of Significant Accounting Policies and other Explanatory Information	25-31		

As per our report of even date
For GOKHALE & SATHE
CHARTERED ACCOUNTANTS

Sd/-
TEJAS J. PARIKH
PARTNER

FOR AND ON BEHALF OF THE BOARD

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

Sd/-
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VICE CHAIRMAN AND MANAGING DIRECTOR

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

Sd/-
CHETAN GANDHI
CHIEF FINANCIAL OFFICER

Sd/-
MONA PATEL
COMPANY SECRETARY

PLACE: Mumbai
DATE: 6th May, 2016

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%
	Foreign Subsidiary		
(vi)	Alchemie (Europe) Limited	United Kingdom	88.89%
(vii)	Aarti USA Inc.	USA	100.00%

(b) Accounting Basis :

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.

(c) Principles of Consolidation :

(i) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 – Consolidated Financial Statements & Accounting Standard 23 – 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, 2016.

(iii) In case of Foreign Subsidiary, revenue items are consolidated at the average rate prevailing during the period. All Assets (except Fixed Assets) and liabilities are converted at the rates, prevailing at the end of the year. In case of Fixed Assets, the same is consolidated at the rate applicable in the year of acquisition of the said assets. Any exchange difference arising on consolidation is recognised as Translation difference in Reserves & Surplus.

(iv) The consolidation of financial statements of the Parent Company and its Subsidiaries is done on line by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

(v) Minorities' 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 Accounting Standard 23 (AS-23) "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) Fixed Assets and Depreciation:

(i) Fixed Assets:

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

(ii) Depreciation:

(A) Depreciation on Fixed Assets other than Leasehold Land and those mentioned above are provided under Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 till FY 2013-14. Further in case of Assets installed by the company in one plant, taken on operating lease, the Depreciation was provided on Reducing Balance Method at the rate prescribed under Schedule XIV of the Companies Act, 1956 till FY 2013-14.

(B) Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs effective 1st April 2014, 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 revised 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 & Equipment	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 3 years
(vi) Furniture and Fixtures	Over a period of 10 years
(vii) Vehicles	Over a period of 7 years

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

(iii) 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) Investments:

(i) Current investments are stated at lower of cost or fair market value.

(ii) Long term investments are stated at cost less provision for permanent diminution in value if any, of investments.

(g) 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.

(h) Retirement Benefits:

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

(i) Foreign Currency Transactions:

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

(j) Research and Development:

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

(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.

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Crs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
1. SHARE CAPITAL:		
Authorised Share Capital		
23,01,50,320 (previous year 12,50,00,000) Equity Shares of ₹ 5/- each	115.08	62.50
Issued, Subscribed & Paid up		
8,33,20,383 (previous year 8,85,91,687) Equity Shares of ₹ 5/- each fully paid up	41.66	44.30
Total	**41.66**	**44.30**

1.1 Reconciliation of the number of Shares outstanding as on 31st March, 2016:

Particulars	No. of Shares outstanding	
	As at 31st March, 2016	As at 31st March, 2015
Equity Shares at the beginning of the year	88,591,687	88,591,687
Add: Shares issued during the year pursuant to the Scheme of Amalgamation	16,726,401	NIL
Less: Shares cancelled during the year pursuant to the Scheme of Amalgamation	21,997,705	NIL
Equity shares at the end of the year	83,320,383	88,591,687

1.2 Details of Shareholders holding more than 5% Shares:

Name of the Shareholders	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares	% held	No. of Shares	% held
Rashesh Chandrakant Gogri	6,214,118	7.46	3,964,221	4.47
HDFC Trustee Company Ltd. - HDFC Prudence Fund	6,098,810	7.32	6,480,510	7.32
Hetal Gogri Gala	6,056,319	7.27	3,703,689	4.18
Anushakti Holdings Ltd.	NIL	N.A.	7,085,301	8.00
Gogri and Sons Investments Pvt. Ltd.	NIL	N.A.	5,973,773	6.74
Alchemie Leasing & Financing Pvt. Ltd.	NIL	N.A.	5,309,098	5.99

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

Particulars	Financial Year				
	2015-16	2014-15	2013-14	2012-13	2011-12
No. of Equity Shares outstanding: (Refer Note No. 1.4)	83,320,383	88,591,687	88,591,687	79,120,073	79,120,073

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

[a] 843,649 (previous year 843,649) were issued to Shareholders of Surfactant Specialities Ltd. pursuant to its Merger with the Company.

[b] 42,000 (previous year 42,000) were issued to Shareholders of Avinash Drugs Ltd. pursuant to its Merger with the Company.

[c] 3,025,000 (previous year 3,025,000) were issued towards Preferential allotment at a premium of ₹ 30.65 paise to Warrantholders.

[d] 2,400,000 (previous year 2,400,000) have been issued towards Preferential allotment at a premium of ₹ 53/- to Warrantholders.

[e] 9,471,614 (previous year 9,471,614) were issued to Shareholders of Anushakti Chemicals & Drugs Ltd. pursuant to its Scheme of arrangement with the Company.

[f] 1,67,26,401 (previous year Nil) were issued to Shareholders of Anushakti Chemicals & Drugs Ltd., Anushakti Holding Ltd., Gogri and Sons Investments Pvt. Ltd. and Alchemie Leasing & Financing Pvt. Ltd. pursuant to the scheme of amalgamation with the Company and 2,19,97,705 (previous year Nil) being held by them as investments had to been cancelled. Hence on net basis 52,71,304 shares of the Company has been cancelled.

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

2. RESERVE AND SURPLUS:

(₹ in Crs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
a. Capital Reserves		
Opening Balance	69.38	69.22
Addition: Pursuant to the Scheme of Amalgamation	0.10	0.16
Deduction: Pursuant to the Scheme of Amalgamation	56.24	NIL
Closing Balance	**13.24**	**69.38**
b. Capital Redemption Reserve		
Opening Balance	0.55	0.55
Addition	0.72	NIL
Deduction	NIL	NIL
Closing Balance	**1.27**	**0.55**
c. Securities Premium Account		
Opening Balance	22.42	21.99
Addition	0.94	0.43
Deduction	NIL	NIL
Closing Balance	**23.36**	**22.42**
d. Capital Reserve on Consolidation		
Opening Balance	4.53	4.63
Addition: Adjustment on Consolidation	NIL	0.04
Deduction: Adjustment on Consolidation	4.53	0.14
Closing Balance	**NIL**	**4.53**
e. RBI Reserve U/S 45(IC)		
Opening Balance	1.43	0.58
Addition: Transferred from Profit & Loss Account	0.48	0.85
Deduction	NIL	NIL
Closing Balance	**1.91**	**1.43**
f. Debenture Redemption Reserve		
Opening Balance	30.00	NIL
Addition: Transferred from Profit & Loss Account	30.00	30.00
Deduction	NIL	NIL
Closing Balance	**60.00**	**30.00**
g. Amalgamation Reserve		
Opening Balance	10.77	10.77
Addition	NIL	NIL
Deduction: Pursuant to scheme of amalgamation	10.77	NIL
Closing Balance	**NIL**	**10.77**
h. General Reserve		
Opening Balance	141.14	122.14
Addition	2.30	NIL
Transferred from Profit & Loss Account	27.79	19.00
Deduction	NIL	NIL
Closing Balance	**171.23**	**141.14**

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

2. RESERVE AND SURPLUS: (contd)

(₹ in Crs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
i. **Profit and Loss Account**		
Opening Balance	688.98	594.21
Addition :		
Net Profit/(Loss) for the year	256.88	205.88
Deduction :		
1st Interim Dividend	31.73	21.44
2nd Interim Dividend	17.26	13.89
3rd Interim Dividend	29.16	NIL
Proposed Dividend	NIL	16.70
Tax on Dividend	16.15	10.28
Prior Period Expenses	0.09	NIL
Transfer to Reserves	58.27	49.85
Adjustment on account of Merger	0.49	NIL
Adjustment on Consolidation	2.47	0.48
Foreign Exchange Difference on Translation	0.78	(0.18)
Intergroup Dividend	(9.37)	(1.51)
Effect of change in useful life of Fixed Assets	NIL	0.16
Closing Balance	**798.83**	**688.98**
j. **Other Reserves**		
State Investment Subsidy	0.52	0.52
Forfeiture Reserve	1.85	1.85
Revaluation Reserve	0.54	0.54
Closing Balance	**2.91**	**2.91**
Total	**1,072.75**	**972.11**

3. LONG-TERM BORROWINGS:

(₹ in Crs.)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Non-Current	Current	Non-Current	Current
Secured				
(a) Non Convertible Debentures (NCD's)	200.00	NIL	200.00	NIL
(b) ECB/Term Loans from Banks/Financial Institutions	324.98	57.54	218.24	134.15
(c) Vehicle Loans from Banks/Financial Institutions	1.78	0.91	0.82	0.72
Total	**526.76**	**58.45**	**419.06**	**134.87**

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Crs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
4. DEFERRED TAX LIABILITIES (NET):		
Deferred Tax Liabilities	102.66	84.66
Difference between net book value of depreciable capital assets as per books vis-a-vis written down value as per Tax Laws	24.72	18.74
Deferred Tax Assets		
Items allowed for tax purpose on payment	(0.32)	(0.74)
Deferred Tax Liabilities (Net)	**127.06**	**102.66**
5. OTHER LONG-TERM LIABILITIES:		
Unsecured Loan from Others	0.18	0.18
Total	**0.18**	**0.18**
6. LONG-TERM PROVISIONS:		
Provision for Tax	308.05	305.79
Provision for Gratuity	0.13	0.06
Total	**308.18**	**305.85**
7. SHORT-TERM BORROWINGS:		
Secured		
Working Capital Loan from Banks	687.59	604.62
	687.59	**604.62**
Unsecured		
From Banks	17.23	42.70
From Others	1.58	1.00
	18.81	**43.70**
Total	**706.40**	**648.32**
8. OTHER CURRENT LIABILITIES:		
(a) Current Maturities of Long-Term Debt (Refer Note No. 3)	57.54	134.15
(b) Current Maturities of Vehicle Loan (Refer Note No. 3)	0.91	0.72
(c) Interest accrued but not due on borrowings	18.93	15.76
(d) Unpaid dividends	2.88	2.00
(e) Deposits	0.16	0.16
(f) Sales tax deferred liability	0.15	0.29
(g) Other Current Liabilities & Taxes	10.43	3.52
Total	**91.00**	**156.60**
9. SHORT-TERM PROVISIONS:		
Provisions for		
Employees' Benefits	20.37	14.56
Proposed Dividend & Tax thereon	NIL	19.49
Total	**20.37**	**34.05**

10. FIXED ASSETS:

(₹ in Crs.)

F.Y. 2015-16		GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
Particulars		Balance as at 1st April, 2015	Additions/ (Disposals)	Deduction/ Adjustment	Adjustment on Consolidation	Balance as at 31st March, 2016	Balance as at 1st April, 2015	Depreciation charge for the year	Deduction/ Adjustment	Adjustment on Consolidation	Balance as at 31st March, 2016	Balance as at 31st March, 2016	Balance as at 31st March, 2015
(i)	**Tangible Assets**												
	Free hold Land	3.68	0.02	NIL	9.29	12.99	0.26	0.14	NIL	0.31	0.71	12.28	3.42
	Lease hold Land	42.17	2.40	NIL	NIL	44.57	2.66	0.27	NIL	NIL	2.93	41.64	39.51
	Residential Flat	–	–	NIL	NIL	–	–	–	NIL	NIL	–	–	–
	Buildings	123.61	36.00	NIL	1.39	161.00	35.97	7.35	-0.01	0.46	43.79	117.21	87.64
	Plant and Equipment	1,442.47	301.40	15.99	50.02	1,777.90	615.90	86.75	0.13	16.04	718.56	1,059.34	826.57
	Furniture and Fixtures	18.94	3.16	NIL	0.30	22.40	14.61	1.79	NIL	0.29	16.69	5.71	4.33
	Vehicles	17.17	4.83	0.69	2.46	23.77	11.75	2.16	0.32	0.82	14.41	9.36	5.42
	TOTAL (i)	**1,648.04**	**347.81**	**16.68**	**63.46**	**2,042.63**	**681.15**	**98.46**	**0.44**	**17.92**	**797.09**	**1,245.54**	**966.89**
(ii)	**Intangible Assets**												
	Process Development	19.96	NIL	NIL	NIL	19.96	19.96	NIL	NIL	NIL	19.96	NIL	NIL
	Technical Knowhow	0.08	NIL	NIL	1.30	1.38	0.08	NIL	NIL	1.30	1.38	NIL	NIL
	Goodwill	6.16	NIL	NIL	0.03	6.19	6.16	NIL	NIL	0.03	6.19	NIL	NIL
	Computer Software	0.38	NIL	NIL	NIL	0.38	0.34	0.04	NIL	NIL	0.38	NIL	0.04
	Copyrights and Patents	9.66	NIL	NIL	NIL	9.66	9.66	NIL	NIL	NIL	9.66	NIL	NIL
	Goodwill on Consolidation	0.82	0.42	NIL	NIL	1.24	0.82	NIL	NIL	NIL	0.82	0.42	NIL
	TOTAL (ii)	**37.06**	**0.42**	**NIL**	**1.33**	**38.81**	**37.02**	**0.04**	**NIL**	**1.33**	**38.39**	**0.42**	**0.04**
	TOTAL (i + ii)	**1,685.10**	**348.23**	**16.68**	**64.79**	**2,081.44**	**718.17**	**98.50**	**0.44**	**19.25**	**835.48**	**1,245.96**	**966.93**
(iii)	**Capital Work-in-Progress**											**313.01**	**192.97**

(₹ in Crs.)

F.Y. 2014-15		GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
Particulars		Balance as at 1st April, 2014	Additions/ (Disposals)	Deduction/ Adjustment	Adjustment on Consolidation	Balance as at 31st March, 2015	Balance as at 1st April, 2014	Depreciation charge for the year	Deduction/ Adjustment	Adjustment on Consolidation	Balance as at 31st March, 2015	Balance as at 31st March, 2015	Balance as at 31st March, 2014
(i)	**Tangible Assets**												
	Free hold Land	3.68	NIL	NIL	NIL	3.68	0.26	NIL	NIL	NIL	0.26	3.42	3.42
	Lease hold Land	39.19	2.98	NIL	NIL	42.17	2.35	0.30	-0.01	NIL	2.66	39.51	36.84
	Residential Flat	–	NIL	NIL	NIL	–	–	–	NIL	NIL	–	–	–
	Buildings	103.09	20.94	0.42	NIL	123.61	30.27	5.85	0.15	NIL	35.97	87.64	72.82
	Plant and Equipment	1,261.29	200.02	18.84	NIL	1,442.47	558.23	72.11	14.44	NIL	615.90	826.57	703.06
	Furniture and Fixtures	16.89	2.25	0.20	NIL	18.94	12.77	1.87	0.03	NIL	14.61	4.33	4.12
	Vehicles	15.83	1.34	NIL	NIL	17.17	9.95	1.81	0.01	NIL	11.75	5.42	5.88
	TOTAL (i)	**1,439.97**	**227.53**	**19.46**	**NIL**	**1,648.04**	**613.83**	**81.94**	**14.62**	**NIL**	**681.15**	**966.89**	**826.14**
(ii)	**Intangible Assets**												
	Process Development	19.96	NIL	NIL	NIL	19.96	19.96	NIL	NIL	NIL	19.96	NIL	NIL
	Technical Knowhow	0.08	NIL	NIL	NIL	0.08	0.08	NIL	NIL	NIL	0.08	NIL	NIL
	Goodwill	6.16	NIL	NIL	NIL	6.16	6.16	NIL	NIL	NIL	6.16	NIL	NIL
	Computer Software	0.38	NIL	NIL	NIL	0.38	0.30	0.04	NIL	NIL	0.34	0.04	0.08
	Copyrights and Patents	9.66	NIL	NIL	NIL	9.66	9.66	NIL	NIL	NIL	9.66	NIL	NIL
	Goodwill on Consolidation	0.82	NIL	NIL	NIL	0.82	0.82	NIL	NIL	NIL	0.82	NIL	NIL
	TOTAL (ii)	**37.06**	**NIL**	**NIL**	**NIL**	**37.06**	**36.98**	**0.04**	**NIL**	**NIL**	**37.02**	**0.04**	**0.08**
	TOTAL (i + ii)	**1,477.03**	**227.53**	**19.46**	**NIL**	**1,685.10**	**650.81**	**81.98**	**14.62**	**NIL**	**718.17**	**966.93**	**826.22**
(iii)	**Capital Work-in-Progress**											**192.97**	**117.44**

10.1 Gross Block of Plant & Equipment includes assets given on Lease with Gross Block ₹ 1.15 Crs. (previous year ₹ 1.15 Crs.)

10.2 Additions to Gross Block includes an amount of ₹ 7.20 Crs. (previous year ₹ 10.36 Crs.) being the net foreign exchange loss, arising on account of restatement and repayments of Long-term Foreign Currency Loans during the year

10.3 Current year depreciation includes ₹ 1.67 Crs. (previous year ₹ 1.19 Crs.) on Assets deployed for Research & Development

10.4 Depreciation for Nascent Chemicals Industries Ltd. of ₹ 0.01 Crs. (previous year ₹ 0.01 Crs.) in respect of its revalued assets have been adjusted against its Revaluation Reserve

10.5 Adjustment on Consolidation includes changes/addition on account of Ganesh Polychem Ltd. becoming a subsidiary of Aarti Industries Ltd.

10.6 In F.Y. 2014-15 the Company had changed the method of depreciation for one of its unit, taken on operating lease, from Written Down Value Method to Straight Line Method. Which was resulted into an accumulated surplus of ₹ 3.48 Crs. which was accounted as exceptional item in the Profit and Loss Statement for the year ended 31st March, 2015

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

11. NON-CURRENT INVESTMENTS:

(₹ in Crs.)

A. Name of the Company	Number of Units/Shares (All fully paid up) Opening Balance	Acquisition	Disposal	Closing Balance	As at 31st March 2016	As at 31st March 2015
Trade Investments – (Quoted) in Equity Shares						
Aarti Drugs Ltd.	500,118	NIL	NIL	500,118	0.40	0.40
Bank of India	285	285	NIL	NIL	NIL	0.02
Glenmark Pharmaceuticals Ltd.	400	400	NIL	NIL	NIL	0.01
					0.40	**0.43**
Investments – (Unquoted) in Equity Shares of other Companies						
Ichalkaranji Janata Sahakari Bank Ltd.	1,020	NIL	NIL	1,020	0.01	0.01
Damanganga Saha Khand Udyog Mandali Ltd.	61	NIL	NIL	61	0.01	0.01
Narmada Clean Tech. Ltd.	102,230	185,320	NIL	287,550	0.13	0.13
Dilesh Roadlines Pvt. Ltd.	464,550	NIL	NIL	464,550	0.01	0.01
Indusken Pharmaceuticals Pvt. Ltd.	200,000	NIL	NIL	200,000	0.20	0.20
U.K.I.P. Co-Op. Soc. Ltd.	35	NIL	NIL	35	–	–
Aarti Ventures Ltd.	190,000	NIL	NIL	190,000	0.19	0.19
Dispo Dyechem Ltd.	240,005	NIL	NIL	240,005	0.21	0.21
Amery Trading Pvt. Ltd.	5,000	NIL	5,000	NIL	NIL	0.01
SBPP Bank Ltd.	783	NIL	NIL	783	0.01	0.01
Deltecs Infotech Pvt. Ltd.	858	NIL	NIL	858	0.42	0.28
Bewakoof Brands Pvt. Ltd.	4,033	NIL	NIL	4,033	0.57	0.57
Draagon Drugs Pvt. Ltd.	64,500	NIL	64,500	NIL	NIL	0.66
Amarjyot Chemical Ltd.	NIL	35,963	NIL	35,963	0.66	NIL
Polygomma Industries Pvt. Ltd.	72,336	NIL	NIL	72,336	0.77	0.77
Trans Retail Ventures Pvt. Ltd.	6,566	22,230	NIL	28,796	1.29	1.08
Gujarat State Financial Corporation	300	NIL	NIL	300	–	–
Numbermask Digital Pvt. Ltd.	1,125	NIL	NIL	1,125	0.23	0.23
Derma Tech. Inc.	NIL	125,000	NIL	125,000	1.34	NIL
Tarapur Environment Protection Society	7,188	NIL	NIL	7,188	0.62	0.07
Aarti Biotech Ltd.	421,700	NIL	NIL	421,700	0.05	N A
Aarti Intermediate Pvt. Ltd.	22,125	NIL	NIL	22,125	–	N A
Perfect Enviro Control System Ltd.	380,640	NIL	NIL	380,640	0.04	N A
					6.76	**4.44**
Investments – (Unquoted) in Limited Liability Partnership						
Aarti Udyog Limited Liability Partnership	NA	NA	NA	NA	3.80	3.80
					3.80	**3.80**
Investments – (Unquoted) in Unsecured Convertible Debentures						
Aarti Venture Ltd.	575,000	152,000	NIL	727,000	7.27	5.75
					7.27	**5.75**
Investments – Mutual Funds						
IIFL Cash Opportunities Fund (Class B)	NIL	136,819	NIL	136,819	0.14	NIL
					0.14	**NIL**
Total (A)					**18.37**	**14.42**

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

(₹ in Crs.)

Name of the Company	Numbers	Original Investment As on 1st April, 2015	Addition During the year	Adjustment on Consolida-tion	Additions to cost As on 1st April, 2015	Share of Profit/ (Loss)	Adjustment on Consolida-tion	Additions to cost as on 31st March, 2016	As at 31st March 2016 (at cost)	As at 31st March 2015 (at cost)
Ganesh Polychem Ltd.	3,068,257	12.16	(12.16)	NIL	36.34	NIL	(36.34)	NIL	NIL	48.50
Anushakti Holding Ltd.	8,846,490	2.91	(2.91)	NIL	21.75	NIL	(21.75)	NIL	NIL	24.66
Anushakti Chemicals & Drugs Ltd.	15,529,136	7.51	(7.51)	NIL	43.88	NIL	(43.88)	NIL	NIL	51.39
Aarti Biotech Ltd.	421,700	0.05	NIL	NIL	NIL	NIL	(0.05)	NIL	N.A.	0.09
Aarti Intermediate Pvt. Ltd.	22,125	–	NIL	NIL	NIL	NIL	–	NIL	N.A.	NIL
Perfect Enviro Control Systems Ltd.	380,640	0.04	NIL	NIL	NIL	NIL	(0.04)	NIL	N.A.	0.14
Total (B)									**NIL**	**124.78**
Grand Total (A + B)									**18.37**	**139.20**
Aggregate Market Value of Quoted Investments: (₹ in Crs.)									**22.65**	**32.54**

(₹ in Crs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
12. LONG-TERM LOANS AND ADVANCES:		
a. Capital Advances	44.47	37.96
b. Other Deposits	30.70	20.37
c. Other loans and advances:		
(i) Loans & Advances (Employees)	7.17	7.37
(ii) Loans & Advances (Others)	27.02	24.63
Advance Tax and Tax Deducted at Source	365.14	350.73
Total	**474.50**	**441.06**
13. INVENTORIES:		
a. Raw Materials and Components	160.53	161.68
b. Work-in-progress Finished Goods	141.97	173.53
c. Finished Goods	167.94	183.27
d. Stock-in-trade	3.73	2.47
e. Stores and spares	7.43	7.16
f. Fuel	9.03	20.14
g. Packing Materials	4.56	3.48
Total	**495.19**	**551.73**

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Crs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
14. TRADE RECEIVABLES:		
Trade receivables outstanding for a period less than six months:		
Unsecured, considered good	482.85	408.42
Trade receivables outstanding for a period exceeding six months:		
Unsecured, considered good	40.55	30.56
Total	**523.40**	**438.98**
15. CASH AND CASH EQUIVALENTS:		
Cash on hand	1.16	1.40
Bank balance in Current Accounts	21.27	28.75
Bank deposits kept as Margin Money	3.68	1.56
Earmarked Balances (Unpaid Dividend Accounts)	2.88	2.00
Total	**28.99**	**33.71**
16. SHORT-TERM LOANS AND ADVANCES:		
Balances with Customs, Port Trust, Central Excise & Sales Tax Authorities	116.08	137.42
Loan Given to Others	17.65	3.51
Total	**133.73**	**140.93**
17. OTHER CURRENT ASSETS:		
Others Receivables	3.56	5.31
Prepaid Insurance/Expenses	3.30	1.66
Subsidy Receivable	6.98	20.75
Gratuity Receivable	0.40	0.34
Insurance Claim Receivable	4.25	4.25
Total	**18.49**	**32.31**

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Crs.)

	Particulars		For the year ended 31st March, 2016	For the year ended 31st March, 2015
18.	**REVENUE FROM OPERATIONS:**			
	Sale of Products		2,964.78	3,068.96
	Sale of Services		10.33	7.11
	Other Operating Revenues (Refer Note No. 18.1)		50.38	46.52
	GROSS REVENUE OPERATIONS		**3,025.49**	**3,122.59**
	Less: Excise Duty/Vat		245.87	214.63
	Net revenue from operations		**2,779.62**	**2,907.96**
18.1	**OTHER OPERATING REVENUES:**			
	Export Benefits		18.64	11.95
	Fertilizers Subsidy Received		24.66	24.63
	SHIS Scheme Income		2.43	4.61
	Insurance Claim Received		NIL	0.02
	Scrap Sales		4.65	5.31
		Total	**50.38**	**46.52**
19.	**OTHER INCOME:**			
	Dividend Received		1.65	1.01
	Profit on Sale of Assets		0.54	0.20
	Profit on Sale of Investments		0.15	3.38
	Lease Rent Income		0.24	0.24
	Interest Income		3.10	0.42
	Other Income		0.26	0.27
		Total	**5.94**	**5.52**
20.	**COST OF MATERIALS CONSUMED:**			
	Consumption of Raw Materials		1,163.16	1,453.96
	Consumption of Packing Materials		34.39	42.87
	Consumption of Fuel		100.37	98.31
	Consumption of Stores & Spares		59.71	49.18
		Total	**1,357.63**	**1,644.32**
21.	**CHANGE IN INVENTORY:**			
	Opening Stock			
	Finished Goods		188.10	175.89
	Work-in-Progress		176.11	192.77
		Total (A)	364.21	368.66
	Closing Stock			
	Finished Goods		172.94	177.91
	Work-in-Progress		141.97	173.53
		Total (B)	314.91	351.44
		Total (A-B)	49.30	17.22
22.	**EMPLOYEE BENEFITS:**			
	Salaries, Wages & Bonus		108.16	82.78
	Contribution to PF and other Funds		6.20	3.26
	Workmen & Staff Welfare Expenses		6.34	7.60
		Total	120.70	93.64

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Crs.)

Particulars		For the year ended 31st March, 2016	For the year ended 31st March, 2015
23. FINANCE COST:			
Interest on NCDs		23.50	15.64
Other Interest Expenses		84.86	109.32
Other Borrowing Costs		8.62	13.01
	Total	**116.98**	**137.97**
24. OTHER EXPENSES:			
Manufacturing Expenses:			
Freight, Cartage & Transport		83.10	85.08
Power		92.03	82.39
Water Charges		7.74	6.28
Processing Charges		20.91	17.68
Other Manufacturing Expenses		75.92	59.12
Repairs & Maintenance		52.94	44.19
Insurance Charges		2.21	2.70
Research & Development Expenses		10.36	9.39
Factory Administrative Expenses		20.67	20.19
	Total (A)	**365.88**	**327.02**
Office Administrative Expenses:			
Rent, Rates and Taxes		3.96	2.49
Travelling and Conveyance		5.00	3.98
Auditor's Remuneration (Refer Note No. 24.1)		0.26	0.24
Legal & Professional Charges		3.80	2.78
Postage, Telegraph & Telephone		0.80	0.69
Printing & Stationery Expenses		0.86	0.76
Other Administrative Expenses		7.89	4.66
	Total (B)	**22.57**	**15.60**
Selling & Distribution Expenses:			
Advertisement & Sales Promotion		4.70	4.76
Export Freight Expenses		49.42	58.56
Freight and Forwarding Expenses		69.81	75.30
Commission		9.20	10.38
Export Insurance Charges		1.66	1.75
Sample Testing & Analysis Charges		0.88	1.04
Provision for Doubtful Debts		5.00	NIL
Lease Rent		8.70	NIL
Bad Debts Written Off		1.16	NIL
Discount Given		18.90	17.82
Prior Period Expenses		0.09	NIL
Other Expenses		0.02	NIL
Sales Tax & Other Dues Paid		0.11	NIL
Sundry Balance Written Off/(Back)		1.17	0.57
	Total (C)	**170.82**	**170.18**
Non-Operating Expenses:			
Donations and CSR Expenses		5.32	3.69
Loss on Sale of Assets/Investment		0.14	NIL
	Total (D)	**5.46**	**3.69**
	Total (A+B+C+D)	**564.73**	**516.49**

(₹ in Crs.)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
24.1 AUDITOR'S REMUNERATION:		
Audit Fees	0.14	0.22
Certification Charges	0.03	0.01
Other Matters Charges	0.02	–
Out of Pocket Expenses	–	0.01
Total	**0.19**	**0.24**

25. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

(₹ in Crs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(i) Contingent Liabilities:		
(a) Claims against the Company not acknowledged as Debts	72.25	48.82
(b) Letters of Credit, Bank Guarantees & Bills Discounted	51.21	33.18
	123.46	**82.00**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	41.25	26.04
	41.25	26.04
Total	**164.71**	**108.04**

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

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

1. Alchemie Industries
2. Alchemie Laboratories
3. Aarti Drugs Ltd.
4. Alchemie Dye Chem Pvt. Ltd.

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

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	Company Secretary

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

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

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

(₹ in Crs.)

Sr. No.	Description of Transaction	Year	Associates	Other related Enterprises Firms
1.	Sales of Finished Goods/Sales Income	CY	–	**32.36**
		PY	55.11	26.46
2.	Purchases of Raw Materials/Finished Goods	CY	–	**27.31**
		PY	8.74	20.40
3.	Other Manufacturing Expenses	CY	–	**2.84**
		PY	–	4.91
4.	Rent paid	CY	–	**0.15**
		PY	–	0.36
5.	Other Income	CY	–	**0.03**
		PY	–	0.03
6.	Sale of Fixed Assets	CY	–	–
		PY	–	8.91
7.	Purchase of Fixed Assets	CY	–	–
		PY	0.05	–
8.	Inter-Corporate Deposits taken/(Repaid) during the year	CY	–	–
		PY	(6.50)	–
9.	Inter-Corporate Deposits given/(Received back) during the year	CY	–	**0.30**
		PY	–	–
10.	Interest Income on the Inter-Corporate Deposits placed/ unsecured loans/NCDs	CY	–	**0.02**
		PY	–	–
11.	Dividend Received	CY	–	**0.49**
		PY	–	0.39
12.	Outstanding items pertaining to the related parties at the balance sheet date – Receivable/(Payable)	CY	–	**5.98**
		PY	2.61	0.24

(B) Details relating to persons referred to in Item II above*

Particulars	Financial Year 2015-16	Financial Year 2014-15
a. Remuneration including perquisites #	8.59	6.40
b. Commission to Directors/KMPs	6.82	5.00
c. Sitting Fees	0.03	0.02
d. Rent paid	0.92	0.87
e. Travelling Expenses	0.88	0.74
f. Telephone Expenses	0.04	0.03
Total	**17.28**	**13.06**

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

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

27. TREATMENT OF ASSOCIATES IN CONSOLIDATION:

(₹ in Crs.)

Sr. No.	Name of Associates	Opening Original Investment as on 01.04.2015	Additional Investment during the year	Deduction	Adjustment on Consolidation	Total Original Investment as on 31.03.2016	Carrying cost of Investment as on 01.04.2015	Adjustment on Consolidation	Share of Profit/ (loss) of the year	Carrying cost of Investment as on 31.03.2016
1	Ganesh Polychem Ltd.	12.16	NIL	12.16	NIL	NIL	48.50	(48.50)	NIL	NIL
2	Anushakti Holding Ltd.	2.91	NIL	2.91	NIL	NIL	24.66	(24.66)	NIL	NIL
3	Anushakti Chemicals & Drugs Ltd.	7.51	NIL	7.51	NIL	NIL	51.39	(51.39)	NIL	NIL
4	Aarti Biotech Ltd.	0.05	NIL	0.05	NIL	NIL	NIL	NIL	NIL	N.A.
5	Aarti Intermediates Pvt. Ltd.	–	NIL	–	NIL	NIL	NIL	NIL	NIL	N.A.
6	Perfect Enviro Control Systems Ltd.	0.04	NIL	0.04	NIL	NIL	NIL	NIL	NIL	N.A.
	Total	**22.67**	**NIL**	**22.67**	**NIL**	**NIL**	**124.55**	**(124.55)**	**NIL**	**NIL**

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

28. SEGMENT REPORTING:

(₹ in Crs.)

Sr. No.	Particulars		Financial Year 2015-2016	Financial Year 2014-2015
(A)	**Primary Segments: Business Segments**			
1	**Segment Revenue:**			
	(a) Speciality Chemicals		2,264.74	2,397.96
	(b) Pharmaceuticals		383.13	303.20
	(c) Home & Personal Care Chemicals		131.75	206.80
	Total		**2,779.62**	**2,907.96**
2	**Segment Results Profit/(Loss):**			
	Before Tax and Interest from each Segment			
	(a) Speciality Chemicals		503.64	408.09
	(b) Pharmaceuticals		38.80	35.81
	(c) Home & Personal Care Chemicals		(0.24)	3.27
	Total	**(A)**	**542.20**	**447.17**
	Less: Interest		116.97	137.97
	Other Unallocable Expenditure (Net)		62.50	54.45
	Total	**(B)**	**179.47**	**192.42**
	Total Profit before Tax	**(A-B)**	**362.73**	**254.75**
3	**Capital Employed:**			
	(a) Speciality Chemicals		1,753.93	1,485.90
	(b) Pharmaceuticals		527.90	485.05
	(c) Home & Personal Care Chemicals		88.85	87.43
	(d) Unallocated Capital		28.98	134.12
	Total		**2,399.66**	**2,192.50**
(B)	**Secondary Segments: Geographical Segments**			
	(a) India		1,348.17	1,458.65
	(b) Out of India		1,431.45	1,449.31
	Total		**2,779.62**	**2,907.96**

29. EARNING PER SHARE (EPS):

Particulars		Financial Year 2015-16	Financial Year 2014-15
Net Profit after Tax	(₹ in Crs.)	268.10	193.72
Profit attributable to Minority Interest	(₹ in Crs.)	(11.22)	(1.74)
Share of Profit/(Loss) of Associates	(₹ in Crs.)	NIL	13.90
Net Profit After Consolidation available for Equity Shareholders	(₹ in Crs.)	256.88	205.88
No. of Equity Shares	(Nos.)	83,320,383	88,591,687
Basic & Diluted EPS	(₹)	30.83	23.24
Nominal Value of Equity Share	(₹)	5.00	5.00

Notes on Consolidated Financial Statements for the year ended 31st March, 2016

30. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary.

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 Ltd.	96.02%	1,070.10	98.27%	252.43
Subsidiaries				
Alchemie (Europe) Ltd.	0.10%	1.07	0.23%	0.59
Aarti USA Inc.	0.05%	0.56	(0.04%)	(0.10)
Aarti Corporate Services Ltd.	0.80%	8.92	0.83%	2.13
Ganesh Polychem Ltd.	8.68%	96.75	7.27%	18.68
Innovative Envirocare Jhagadia Ltd.	0.03%	0.30	0.00%	(0.01)
Nascent Chemical Industries Ltd.	0.69%	7.71	1.46%	3.75
Shanti Intermediates Pvt. Ltd.	0.07%	0.75	0.00%	(0.01)
Minority Interest in all Subsidiaries	(4.67%)	(52.09)	(4.37%)	(11.22)
Inter Company Elimination & Consolidation Adjustment	(1.76%)	(19.66)	(3.64%)	(9.36)
Total	100.00%	1,114.41	100.00%	256.88

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

As per our report of even date
For GOKHALE & SATHE
CHARTERED ACCOUNTANTS

Sd/-
TEJAS J. PARIKH
PARTNER

FOR AND ON BEHALF OF THE BOARD

Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

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

Sd/-
SHANTILAL T. SHAH
VICE CHAIRMAN

Sd/-
CHETAN GANDHI
CHIEF FINANCIAL OFFICER

Sd/-
MONA PATEL
COMPANY SECRETARY

PLACE: Mumbai
DATE: 6th May, 2016

Consolidated Cash Flow Statement for the year ended 31st March, 2016

(₹ in Crs)

Particulars		For the year ended 31st March, 2015
A. Cash Flow from Operating Activities:		
Net Profit before Tax and Exceptional/Extraordinary Items	362 73	251 27
Adjustments for:		
Interest and Finance Charges Paid		137 97
Depreciation		81 98
Consolidated Adjustments		0 18
Loss on Sale of Assets		NIL
	56	**471.40**
Profit on Sale of Investments		(3 38)
Profit on Sale of Assets		(0 20)
Dividend Received from other Investments		(1 01)
Lease Rent Received		(0 24)
Operating Profit before Working Capital Changes		**466.57**
Adjustments for:		
(Increase)/Decrease in Trade and Other Receivables		(13 89)
(Increase)/Decrease in Trade Payables and Other Current Liabilities		(109 32)
(Increase)/Decrease in Inventories		54 39
Cash Generated from Operations		**397.75**
Direct Taxes Paid		(58 25)
Net Cash Flow from Operating Activities (A)	**573.58**	**339.50**
B. Cash Flow from Investing Activities:		
Addition to Fixed Assets/Capital WIP		
Sale/Written off of Fixed Assets		
(Increase)/Decrease in Other Investments		
(Increase)/Decrease in Investments in Associate Companies		
Dividend Received from Other Investments		
Lease Rent Received		
Net Cash Flow from Investing Activities (B)	**(451.95)**	**(297.68)**
C. Cash Flow from Financing Activities:		
Proceeds of Long-Term Borrowings		285 00
Repayment of Long-Term Borrowings		(83 16)
Proceeds/(Repayment) of Other Borrowings		(38 52)
Interest and Finance Charges Paid		(137 97)
Dividend Paid	(95 17)	(48 31)
Net Cash Flow from Financing Activities (C)	**(128.44)**	**(22.96)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(6 81)	
Cash and Cash Equivalents (Opening Balance)	33 71	
Cash and Cash Equivalents (Opening Balances of Merged Co)	2 09	
Cash and Cash Equivalents (Closing Balance)	**28.99**	**33.71**

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 **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Sd/-
TEJAS J. PARIKH
PARTNER
PLACE : Mumbai
DATE : 6th May, 2016

FOR AND ON BEHALF OF THE BOARD
Sd/-
RAJENDRA V. GOGRI
CHAIRMAN AND
MANAGING DIRECTOR

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

_____

Name: Mr. Rajendra V. Gogri
Designation: Chairman and Managing Director
Date: March 22, 2019
Place: Mumbai

DECLARATION

We, the Board of Directors of our Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules made thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

_____

Name: Mr. Rajendra V. Gogri
Designation: Chairman and Managing Director

I am authorised by the Fund Raising Committee of our Board, *vide* resolution dated March 22, 2019, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter(s) subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Name: Mr. Rajendra V. Gogri
Designation: Chairman and Managing Director
Date: March 22, 2019
Place: Mumbai

APPLICATION FORM

APPLICATION FORM

AARTI INDUSTRIES LIMITED

*(Originally incorporated as "Aarti Organics Private Limited" on September 28, 1984 under the Companies Act, 1956 with the Registrar of Companies, Gujarat ("**RoC**"). Our Company was converted into a public limited company on December 4, 1990 and its name was changed to "Aarti Organics Limited" and thereafter our Company's name was changed from "Aarti Organics Limited" to "Aarti Industries Limited" pursuant to a fresh certificate of incorporation dated October 11, 1994 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.)*

Registered Office: Plot No. 801, 801/23, GIDC Estate Phase III, Vapi, Gujarat- 396195, India
Corporate Office: 71, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai - 400 080, Maharashtra, India
Website: www.aarti-industries.com | **CIN**: L24110GJ1984PLC007301
Telephone No.: +91 22 6797 6666 | **Facsimile No.**: +91 22 2565 3185/3234 | **Email**: investorrelations@aarti-industries.com

Form No. [●]

Date: March 18, 2019

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹ 5 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") AGGREGATING UP TO ₹ [●] CRORES UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 ("SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED, BY AARTI INDUSTRIES LIMITED ("COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 1,469.65 AND WE MAY OFFER DISCOUNT OF UP TO 5 % ON THE FLOOR PRICE AS APPROVED BY THE SHAREHOLDERS.

Only "Qualified Institutional Buyers" ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations can submit this Application Form. The Equity Shares offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended ("Securities Act") or any state securities laws of the United States, and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales are made. You should note and observe the solicitation and distribution restrictions contained in the sections of the preliminary placement document dated March 18, 2019 ("PPD") under "*Selling Restrictions*" and "*Transfer Restrictions*".

STATUS (Please ✓)			
FI	Banks & Financial Institutions	**AIF-VC**	Alternative Investment Fund – Category I – Venture Capital Fund
MF	Mutual Funds		
FPI	Eligible Foreign Portfolio Investors*	**AIF**	Alternative Investment Fund other than AIF-VC
VCF	Venture Capital Funds	**SI-NBFC**	Systemically Important NBFC
IC	Insurance Companies	**FVCI**	Foreign Venture Capital Funds
OTH	Others (Please Specify)		
DECLARATION OF SHAREHOLDING – as on the date of Application Form (Please round-off to two decimal places)			
Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", please see "*Application Form*" under Issue Procedure section of the PPD. *Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 excluding Category III Foreign Portfolio Investors who are not allowed to participate in the Issue			

To,
The Board of Directors
Aarti Industries Limited
Plot No. 801, 801/23, GIDC Estate Phase III,
Vapi, Gujarat- 396195

Dear Sirs,

On the basis of the serially numbered PPD of the Company, and subject to the terms and conditions mentioned in the other sections of the PPD and in this section of Application Form, we hereby submit our Bid for the Allotment of the Equity Shares at the terms and price indicated below. We confirm that we are a QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 179(1)(b) of the SEBI ICDR Regulations. We are not a promoter (as defined in SEBI ICDR Regulations) of the Company, or any person related to the Promoter, directly or indirectly. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with the Promoter or Promoter Group, veto rights or right to appoint any nominee director on the board of directors of the Company. In addition, we confirm that we are eligible to invest in the Equity Shares under the SEBI ICDR Regulations, Reserve Bank of India circulars and other applicable laws.

We confirm that the application size / aggregate number of Equity Shares applied for by us does not exceed the relevant regulatory or approved limits. We confirm that each foreign portfolio investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended (such foreign portfolio investor, an "**FPI**") (other than Category III FPIs), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), has submitted a separate Application Form and asset management companies of mutual funds would have specified the details of each scheme for which the application is being made along with the Bid Amount and number of shares to be Allotted under each fund. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holders of the Equity Shares which may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the applicant and the applicant has all the relevant approvals. We authorize you to place our name in the register of members of the Company as holders of the Equity Shares that may be Allotted to us. We note that the Company is entitled, in its absolute discretion to accept or reject this Application Form without assigning any reason thereof.

We are aware that our name will be included in the Placement Document as proposed allottees, if applicable, along with the number of equity shares proposed to be Allotted to us and the percentage of our post issue shareholding in the Company and we consent to such disclosure. We are also aware that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, the Company shall be required to disclose our name, along with the name of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the website of the Stock Exchanges, and we consent to such disclosure. We further confirm that our bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended. We are aware that if we are circulated the PPD or are Allotted any Equity Shares in the Issue, the Company is required to disclose details such as our name, address, PAN, email-id and the number of Equity Shares Allotted along with other relevant information as may be required, to the RoC and we consent to such disclosures. Further, we agree to comply with the rules and regulations that are applicable to us, including restriction on transferability. In this regard, we authorise the Company to issue instructions to the depositories for such restriction on transferability, as may be applicable to us.

By signing and submitting this Application Form, we hereby confirm and agree (i) that the representation and warranties as provided in "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Transfer Restrictions*" and "*Selling Restrictions*" of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the GCBRLMs for the Issue, each of which are entitled to rely and are relying on these representations and warranties in consummating the Issue, (ii) that we are purchasing the Equity Shares outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales are made, (iii) that we have been provided a serially numbered copy of the PPD, and have read it in its entirety including in particular, the "*Risk Factors*" therein, and (iv) to abide by the PPD and the Placement Document, the confirmation of allocation note (the "**CAN**"), when issued, and the terms, conditions and agreements contained therein, (v) that we shall not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges (vi) to the best of our knowledge and belief, the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the

Issue. For the purposes of this representation: the expression: QIBs belonging to the "same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst a QIB, its subsidiary or holding company and any other QIB; and 'Control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

We hereby agree to accept the Equity Shares applied for, or such lesser number as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the CAN, when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below. The Bid Amount payable by us for the Equity Shares to be allotted in the Issue is remitted to the designated bank account, only through electronic mode pursuant to duly completed Application Form. We acknowledge and agree that we shall not make any payment in cash or cheque. We also agree that the amount payable for the Equity Shares in the Issue is being (shall be) made from the bank account maintained in our name and the Bid Amount may be refunded to the same bank account (i) if the Company is unable to issue and Allot the Equity Shares offered in the Issue; or (ii) if there is a cancellation of the Issue; or (iii) in case of rejection of Bids or non-allocation of Equity Shares; or (iv) In the event, the Bid Amount per Equity Share exceeds the Issue Price per Equity Share. We further confirm that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell the Equity Shares, for a period of one year from the date of Allotment, otherwise than on the floor of a recognized stock exchange. Further, we acknowledge that we shall not have the right to revise or withdraw our Bid after the Bid/Issue Closing Date. By making this application, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us to permit a public offering of the Equity Shares in any jurisdiction. We further represent that in making our investment decision, we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the GCBRLMs or from any other source, including publicly available information. We satisfy any and all relevant suitability standards for investors in the Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in the Equity Shares, and are able to sustain a complete loss of our investment in the Equity Shares.

We acknowledge that the Equity Shares have not been and will not be registered under the Securities Act or any state securities laws of the United States and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws. Accordingly, the Equity Shares are being offered, sold and delivered only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. For a description of the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" in the PPD. The Equity Shares are transferable only in accordance with the restrictions described under "*Transfer Restrictions*" of the PPD.

BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT	
Name of the Account	Aarti Industries Ltd – QIP Escrow A/C
Name of the Bank	AXIS Bank Limited
Address of the Branch of the Bank	Jeevan Prakash Building, Ground Floor, Sir P M Road, Fort, Mumbai- 400001.
Account Type	Current
Account Number	919020021756055
IFSC code	UTIB0000004
MICR Code	400211002
Tel No.	+91 022 4086 7336/7474
Fax No.	+91 022 4086 7327/7378
E-mail.	fort.operationshead@axisbank.com

The Bid Amount should be transferred pursuant to the PPD cum Application Form. All payments must be made only by way of electronic funds transfer, in favour of "*Aarti Industries Ltd - QIP Escrow A/c*". **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

APPLICANT DETAILS (In Block Letters)			
NAME OF APPLICANT*			
ADDRESS			
COUNTRY			
PHONE NO.		**FAX NO.**	
EMAIL			
FOR FPIs	Registration #:	**For AIFs/MFs/VCFs/FVCIs/SI-NBFCs**	Registration #:

*Name should exactly match with the name in which the beneficiary account is held. Any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the GCBRLMs. Mutual Fund Bidders are requested to provide details of the Bids made by each Scheme of the Mutual Fund.

DEPOSITORY ACCOUNT DETAILS																										
Depository Name(Please ✓)	National Security Depository Limited									Central Depository Services (India) Limited																
Depository Participant Name																										
DP – ID	I	N																								
Beneficiary Account Number										(16 digit beneficiary account. No. to be mentioned above)																

The Demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purpose of refund, if any, only the bank details as mentioned below, from which remittance towards subscription has been made, will be considered.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)

Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

NO. OF EQUITY SHARES BID		BID AMOUNT PER EQUITY SHARE (RUPEES)	
(In Figures)	(In Words)	(In Figures)	(In Words)

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		**FAX NO.**	
EMAIL			

OTHER DETAILS	
PAN**	
Date of Application	
Signature of Authorised Signatory	

ENCLOSURES ATTACHED

Attested/ certified true copy of the following:

- ☐ Copy of PAN Card or PAN allotment letter
- ☐ Copy of FPI Registration Certificate /MF Registration certificate /SEBI certificate of registration for AIFs/FVCI/VCF/SI-NBFC Registration Certificate
- ☐ FIRC
- ☐ Copy of IRDAI registration certificate
- ☐ Certified true copy of Power of Attorney
- ☐ Other

**The application form is liable to be rejected if any information provided is incomplete or inadequate.*

***It is to be specifically noted that the applicant should not submit the GIR number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground*

Note: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD cum Application Form, unless specifically defined herein. The PPD cum Application Form and the Placement Document sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.

AARTI INDUSTRIES LIMITED
CIN: L24110GJ1984PLC007301

REGISTERED OFFICE

Plot No. 801, 801/23, GIDC Estate Phase III,
Vapi, Gujarat- 396195, India
Telephone No. +91 026 0240 0059/0366;
Facsimile No: +91 026 0240 1322
Website: www.aarti-industries.com

CORPORATE OFFICE

71, Udyog Kshetra, 2nd Floor, Mulund - Goregaon Link Road,
L.B.S. Marg, Mulund (West),
Mumbai - 400 080, Maharashtra, India
Telephone No. +91 22 6797 6666
Facsimile No: +91 22 2565 3185/3234
Website: www.aarti-industries.com

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Raj Sarraf, Company Secretary and Compliance Officer,
71, Udyog Kshetra, 2nd Floor,
Mulund - Goregaon Link Road,
L.B.S. Marg, Mulund (West),
Mumbai, Maharashtra - 400 080
Telephone No. +91 22 6797 6666
Email: investorrelations@aarti-industries.com

GCBRLMS

EDELWEISS FINANCIAL SERVICES LIMITED
14th floor, Edelweiss House,
Off C.S.T. Road, Kalina
Mumbai – 400 098,
Maharashtra, India

IIFL HOLDINGS LIMITED
10th Floor, IIFL Centre, Kamala City,
Senapati Bapat Marg, Lower Parel (West),
Mumbai – 400 013,
Maharashtra, India

LEGAL ADVISOR TO THIS ISSUE AS TO INDIAN LAW

SHARDUL AMARCHAND MANGALDAS & CO
24th Floor, Express Towers
Nariman Point, Mumbai 400 021
Maharashtra, India

INTERNATIONAL LEGAL COUNSEL TO THE GCBRLMS WITH RESPECT TO INTERNATIONAL SELLING AND TRANSFER RESTRICTIONS

SQUIRE PATTON BOGGS SINGAPORE LLP
10 Collyer Quay
#03/01-03
Ocean Financial Centre
Singapore 049 315
Republic of Singapore

STATUTORY AUDITOR

M/S KIRTANE & PANDIT LLP, CHARTERED ACCOUNTANTS
H/16, Sarswat Colony, Sitladevi Temple Road,
Mahim, Mumbai – 400 016
Telephone No. +91 22 2444 4119/15, 2446 9713
Facsimile No: +91 20 2544 7603
Email: kpcamumbai@kirtanepandit.com