



Aarti Drugs Ltd.

*Knowledge Integrity Commitment*

Annual Report 2009-10



## *Mission*

Aarti Drugs Limited will seek global market leadership.

Development and growth in the product will be our focus

We will continue to create a winning culture, operating in highest standards of ethics and values with co-operation among competitors

We will strive for excellence in customer service, quality and R&D

## *Vision*

To be the preferred vendor for the Product in India and the World

## Corporate Information

Board of Directors

**Chandrakant V. Gogri**

Chairman

**Prakash M. Patil**

Managing Director & CEO

**Harshit M. Savla**

Jt. Managing Director & CFO

**Harit P. Shah**

Whole-time Director

**Rajendra V. Gogri**

Non-Executive Director

**Uday M. Patil**

Whole-Time Director

**Ramdas M. Gandhi**

**Bhavesh R. Vora**

**Prof. Krishnacharya G. Akamanchi**

**Dr. Sudhirprakash B. Sawant**

**Dr. Vilas G. Gaikar**

**Sunil M. Dedhia**

Independent Directors

**Compliance Officer**

Dilip Maharana, Company Secretary

**Auditors**

M/s. Parikh Joshi & Kothare  
49/2341, M.H.B. Colony,  
Gandhi Nagar, Bandra (E),  
Mumbai- 400 051.

**Solicitors**

M/s. M. P. Savla & Co.  
Bharat House, 2<sup>nd</sup> floor,  
104 Mumbai Samachar Marg,  
Mumbai- 400 001.

**Registrar & Transfer Agent**

Sharepro Services (India) Pvt. Ltd.  
Samhita Complex, Gala No.52 to 56,  
Bldg.No.13A-B, Near Sakinaka Telephone Exchange,  
Andheri -Kurla Road, Sakinaka, Mumbai 400 072 .

**Bankers**

Union Bank of India  
Bank of Baroda  
State Bank of India  
Citibank N.A.  
Corporation Bank  
Standard Chartered Bank  
DBS Bank Limited  
HSBC  
IDBI Bank Ltd.

**Registered Office**

Plot No. N- 198, M.I.D.C.,  
Tarapur, Village- Pamtembhi,  
Taluka – Palghar,  
Dist. Thane- 401 506,  
Maharashtra.

**Corporate Office**

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

**Plants**

Plot Nos. N-198, G-60, E-120,  
K-40, K41, E-9/3-4 and E-21/22,  
MIDC Industrial Area,  
Tarapur, Tal- Palghar,  
Dist. Thane- 401 506, Maharashtra.

Plot Nos. 2902/2904,  
GIDC, Sarigam – 396 155  
Dist. Valsad, Gujarat.

**R & D Centres**

Plot Nos. N- 198 & G- 60, MIDC Industrial Area, Tarapur,  
Village Pamtembhi, Tal- Palghar, Dist. Thane- 401 506,  
Maharashtra.

Plot Nos. D-277/278, TTC Industrial Area,  
Turbhe Navi Mumbai, Maharashtra

**Visit us at [www.aartidrugs.com](http://www.aartidrugs.com)**

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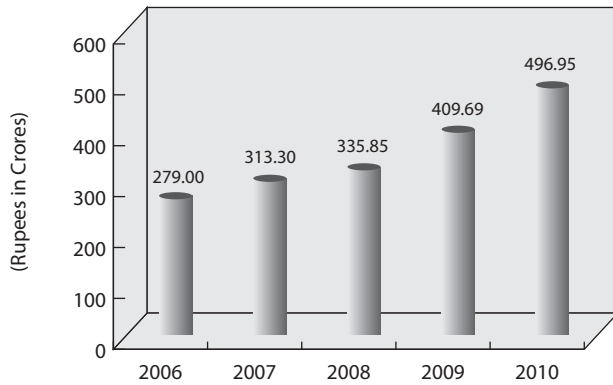
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# Aarti Drugs Limited

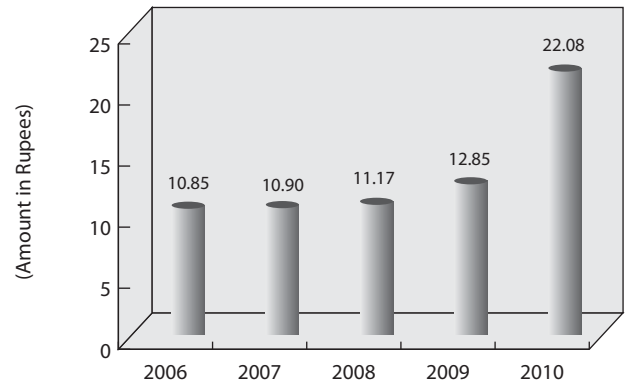
## FINANCIAL HIGHLIGHTS

| FINANCIAL HIGHLIGHTS                    |           |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Particulars                             | 31-Mar-04 | 31-Mar-05 | 31-Mar-06 | 31-Mar-07 | 31-Mar-08 | 31-Mar-09 | 31-Mar-10 |
| Sales                                   | 23,770.47 | 26,527.27 | 27,900.01 | 31,330.26 | 33,584.79 | 40,968.87 | 49,694.87 |
| Profit Before Interest and Depreciation | 2,663.72  | 3,362.00  | 3,144.38  | 3,449.75  | 3,930.01  | 5,690.35  | 7,207.99  |
| Interest                                | 385.82    | 586.08    | 841.68    | 986.3     | 1183.81   | 2,271.69  | 1,474.45  |
| Depreciation                            | 572.23    | 714.7     | 791.8     | 861.72    | 962.93    | 1,103.92  | 1,351.75  |
| Profit Before Tax                       | 1,705.67  | 2,061.22  | 1,510.90  | 1,601.73  | 1783.27   | 2,314.75  | 4,381.79  |
| Profit After Tax                        | 1,207.67  | 1,406.22  | 1,272.86  | 1,276.98  | 1307.32   | 1,504.75  | 2,609.79  |
| Dividend (%)                            | 30        | 30        | 15        | 12        | 18        | 30.00     | 50        |
| Payout                                  | 351.26    | 351.26    | 175.62    | 140.5     | 210.75    | 351.26    | 605.43    |
| Equity Capital                          | 1,170.86  | 1,170.86  | 1,170.86  | 1,170.86  | 1,170.86  | 1,170.86  | 1,210.86  |
| Reserves & Surplus                      | 5,477.57  | 6,486.07  | 7,556.89  | 8,673.66  | 9734.41   | 10,827.49 | 12,898.30 |
| Less : Miscellaneous Expenditure        | 451.97    | 339.32    | 226.92    | 114.93    | 3.72      | -         | -         |
| Net Worth                               | 6,196.46  | 7,317.61  | 8,500.83  | 9,729.59  | 10901.54  | 11,998.35 | 14,109.16 |
| Borrowings                              |           |           |           |           |           |           |           |
| Long Term                               | 3,081.23  | 4,680.16  | 3,094.12  | 4,263.63  | 4795.06   | 7,204.25  | 7,818.18  |
| Short-Term-Bank                         | 5,368.61  | 4,524.31  | 6,701.47  | 7,493.42  | 7070.5    | 8,070.95  | 6,047.94  |
| Short-Term-Others                       | 2,231.35  | 4,923.25  | 8,413.26  | 7,499.31  | 8651.2    | 2,572.65  | 3,898.38  |
| Total Borrowings                        | 10,681.19 | 14,127.72 | 18,208.85 | 19,256.36 | 20516.76  | 17,847.85 | 17,764.50 |
| Gross Block                             | 11,787.22 | 15,037.17 | 20,059.68 | 21,253.39 | 23359.01  | 26,725.92 | 28,748.23 |
| Less : Depreciation                     | 3,581.36  | 4,262.30  | 5,095.16  | 6,236.45  | 7446.69   | 8,788.25  | 10,394.66 |
| Net Block                               | 8,205.86  | 10,774.87 | 14,964.52 | 15,016.94 | 15912.33  | 17,937.66 | 18,353.57 |
| Capital Work In Progress                | 617.92    | 2,260.06  | Nil       | 1375.2    | 1466.9    | 64.42     | 340.35    |
| Investments                             | 31.44     | 145.7     | 2,040.49  | 2,134.85  | 3352.82   | 2,137.85  | 2,137.85  |
| Current Assets, Loans and Advances      | 14,925.62 | 15,131.79 | 17,098.48 | 17,231.02 | 18767.55  | 18,513.71 | 20,020.43 |
| Current Liabilities                     | 6,152.53  | 5,866.42  | 6,298.15  | 5,547.41  | 6626.63   | 7,076.76  | 6,998.89  |
| Net Working Capital                     | 8,773.09  | 9,265.37  | 10,800.32 | 11,683.60 | 12140.92  | 11,436.96 | 13,021.54 |
| Book Value                              | 52.92     | 62.5      | 72.6      | 83.1      | 93.11     | 102.47    | 116.52    |
| Earning per share                       | 10.32     | 12.01     | 10.85     | 10.9      | 11.17     | 12.85     | 22.08     |

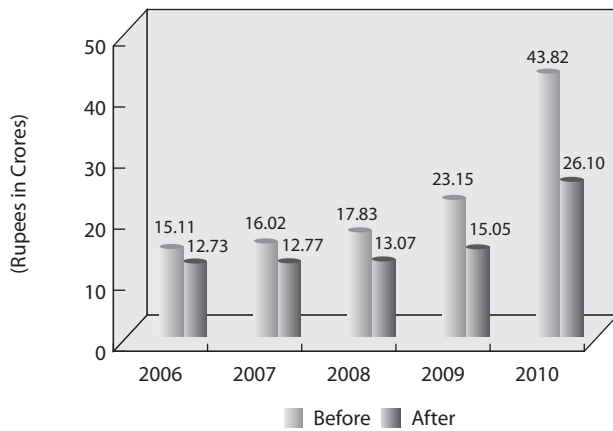
## Turnover



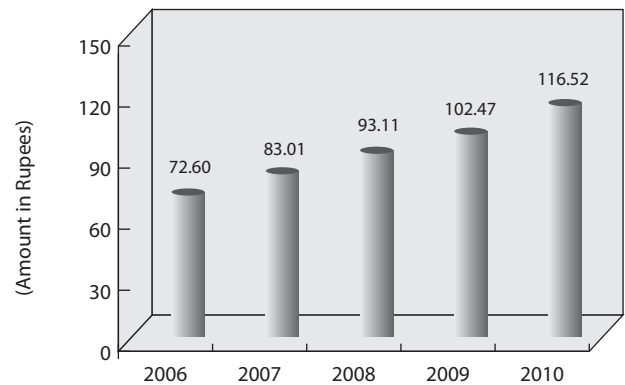
## Earning Per Shares



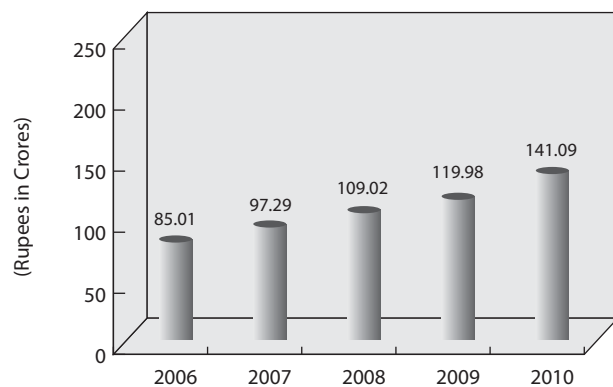
## Profit Before & After Tax



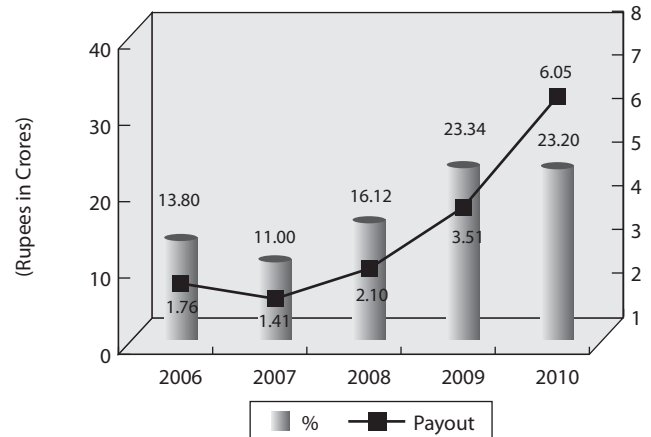
## Book Value



## Network



## Dividend Payout



# Aarti Drugs Limited

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## NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of AARTI DRUGS LIMITED will be held on Friday, 27<sup>th</sup> August 2010 at 11.00 a.m. at TIMA Hall, MIDC Tarapur, Taluka Palghar, Dist.: Thane - 401 506 Maharashtra to transact the following business:

## **ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Chandrakant V. Gogri, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Uday M. Patil, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Sunil M. Dedhia, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Harshit M. Savla, who retires by rotation and, being eligible, offers himself for re-appointment.
7. To appoint Auditors and to fix their remuneration.

## **SPECIAL BUSINESS**

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

"RESOLVED THAT in supersession of the earlier resolution passed by the Company on 31.08.2002, the consent of the Company, pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association and subject to such approvals as may be necessary, be and is hereby accorded to the Board of Directors of the Company (hereinafter called "the Board" and which term shall be deemed to include Committee constituted by the Board to exercise its power conferred by this resolution), for borrowing from time to time, moneys in such form and manner and upon such terms and conditions including security as deemed fit, as may be required for the purposes of the Company, from one or more Banks, Financial Institutions and other persons, firms and body corporate, notwithstanding that moneys to be so borrowed (apart from the temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) together with sums already borrowed may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, that the sums so borrowed and remaining outstanding on account of the principal shall not, at any one time, exceed Rs.300 crores (Rupees Three Hundred Crores)."

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

"RESOLVED THAT in supersession of the earlier resolution passed by the Company on 31.08.2002, pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board") of the Company to mortgage, hypothecate, pledge and/or charge, in addition to mortgage, hypothecation, pledge and/or charge already created, at such time and in such form, manner and ranking and on such terms and conditions as the Board may deem fit in the interest of the Company, on all or any of the movable and/or immovable properties and assets of the Company, both present and future, and/or the whole or part of the undertaking of the Company together with or without power to takeover the management of the business or any undertaking of the Company in case of certain events of default, in favour of the lender(s), bankers, agent(s), trustee(s) or others, for securing any loans, advances, any financial assistance debentures, external commercial borrowings or any other borrowings by way of any securities or otherwise, availed or to be availed by the Company, in foreign currency or in Indian Rupees, along with interest, additional interest, accumulated interest, liquidated damages, commitment charges or costs, expenses and all other

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moneys payable by the Company including any increase as a result of devaluation/revaluation /fluctuations in the rate of exchange, from time to time, upto the limits approved under Section 293(1)(d) of the Companies Act, 1956 and other temporary loans or borrowings from the Company's bankers in the ordinary course.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to and cause to prepare, finalise, approve and execute on behalf of the Company with the lenders, bankers, agent(s), trustee(s) or others, the documents, deeds, agreements, declarations, undertakings, indemnities and writings as may be necessary and are expedient for giving effect to the foregoing resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary and/or alter the terms and conditions of the security created/to be created as aforesaid in consultation with the lenders, bankers, agent(s), trustee(s) or others as they may deem fit."

## Registered Office:

Plot No.N-198, MIDC,Tarapur,  
Village-Pamtembhi,  
Taluka-Palghar,  
Dist. Thane 401 506.

Place: Mumbai

Date: 26<sup>th</sup> May, 2010

## By Order Of the Board

Sd/-  
Dilip Maharana  
Company Secretary

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON POLL) INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A Proxy in order to be effective must reach the Registered Office of the company not later than 48 hours before the time for holding of the aforesaid meeting.
2. The Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business to be transacted at the meeting is annexed hereto and forms part of the notice.
3. Corporate members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.
4. The Register of Members and Share Transfer Books of the Company will remain closed from, Saturday, 21<sup>st</sup> August, 2010 to Friday, 27<sup>th</sup> August,2010 (both days inclusive) for determining the names of members eligible for dividend, if declared, by the Company subject to the provisions of Section 206A of the Companies Act, 1956.
5. All documents referred to in the accompanying notice and explanatory statement are open for inspection at the registered office of the company on all working days except Saturdays, between 11.00 a.m. and 1.00 p.m., up to the date of AGM.
6. **The members are requested to note :**
  - (i) **Change of Address /Bank details :** Members holding shares in physical form are requested to inform M/s Sharepro Services (India) Private Limited, immediately of any change in their address and bank details. Members holding shares in dematerialized form are requested to intimate all changes with respect to their address, bank details, mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the members.
  - (ii) **National Electronic Clearing Service (NECS) Facility:** The Company has been using the Electronic Clearing Services (ECS) of the Reserve Bank of India (RBI), at designated locations, for payments of dividend to shareholders holding shares in dematerialized form as well as payment of dividend to the shareholders holding shares in physical form, who chose to avail of the same.

As per RBI's notification, with effect from 1<sup>st</sup> October 2009, the remittance of money through ECS has been replaced by National Electronics Clearing Services (NECS). NECS operates on the new and unique bank account number allotted by banks post implementation of the Core Banking Solutions (CBS). Pursuant to implementation of CBS, your bank account number may have undergone a change, which is required to be communicated by you to your Depository Participant, incase you are holding shares in dematerialized form.

# Aarti Drugs Limited

Shareholders holding shares in physical form who have not yet opted for the ECS Mandate Facility, may authorize the Company with their NECS mandate in the prescribed form. Request for payment of dividend through NECS for the year 2009-10 should be lodged with M/s. Sharepro Services (India) Private Limited on or before 16<sup>th</sup> August, 2010.

- (iii) Section 109A of the Companies Act, 1956 provides for Nomination by the shareholders of the Company in the prescribed Form No. 2B for shares held in physical form. Blank forms will be supplied by the Company on request. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
- (iv) Shareholders seeking any information or clarification on the accounts are requested to send written queries to the Company at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
- (v) The Company has transferred unclaimed amounts of dividends up to March 31, 2002 to the General Revenue Account /Investor Education and Protection Fund of the Central Government as required under Sections 205A and 205C of the Companies Act, 1956. Those members who have so far not encashed their dividend warrants for the below mentioned financial years may claim / approach the Company for the payment thereof as the same will be transferred to the Investor education Protection Fund of the Central Government, pursuant to section 205 C of the Companies Act, 1956 on the respective dates mentioned hereunder.

| Financial Year ended | Date of Declaration | Due date of Transfer |
|----------------------|---------------------|----------------------|
| 31.03.2003           | 09.08.2003          | 08.09.2010           |
| 31.03.2004(Interim)  | 31.10.2003          | 30.11.2010           |
| 31.03.2004(Final)    | 06.07.2004          | 05.08.2011           |
| 31.03.2005(Interim)  | 29.10.2004          | 28.11.2011           |
| 31.03.2005(Final)    | 06.08.2005          | 05.09.2012           |
| 31.03.2006           | 31.7.2006           | 30.08.2013           |
| 31.03.2007           | 12.03.2007          | 11.04.2014           |
| 31.03.2008           | 23.08.2008          | 22.09.2015           |
| 31.03.2009           | 1.08.2009           | 31.08.2016           |

## 7. Brief Resume of Directors seeking Re-election / Appointment:

**Mr. Chandrakant V. Gogri**, aged 63, is a Bachelor of Chemical Engineering from UDCT, University of Mumbai, and also a Diploma Holder in Business Management. After graduation, while working as plant engineer and later as a project engineer, he gained valuable experience in chemical manufacturing before venturing on his own. He is one of the main promoters of the Company. His business acumen, entrepreneurial zeal and organizational skill has been very much helpful to the Company to grow. As on 31<sup>st</sup> March, 2010, his Directorship / committee membership in other public companies are as follows:

| Sr. No. | Name of the Company              | Membership of Board/ Committees   |
|---------|----------------------------------|---|
| 1       | Aarti Industries Limited         | Chairman<br>Chairman: Shareholders Grievance Committee, Remuneration Committee, Share Transfer Committee, Finance Committee |
| 2       | Aarti Healthcare Limited         | Member: Audit Committee   |
| 3       | Aarti Corporate Services Limited | Director  |
| 4       | Aarti Drugs Limited              | Chairman<br>Chairman: Shareholders Grievance Committee, Remuneration Committee, Share Transfer Committee                    |

Mr. Chandrakant V. Gogri holds 334990 shares in the Company.



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**Mr. Harshit M. Savla**, aged 47, is a Bachelor of Commerce. He has experience over 24 years in handling commercial functions in company's sales, purchase and exports. He is the Jt. Managing Director and Chief Financial Officer (CFO) of the Company. He played a major role to improve company's financial position. As on 31<sup>st</sup> March,2010, his Directorship / committee membership in other public companies are as follows:

| Sr. No. | Name of the Company                  | Membership of Board/ Committees   |
|---------|--------------------------------------|---|
| 1       | Aarti Drugs Limited                  | Jt.Managing Director<br>Member: Shareholders Grievance Committee, Share Transfer Committee, Finance Committee |
| 2       | Suyash Laboratories Limited          | Director  |
| 3       | Amit Heterochem Labs India Limited   | Director  |
| 4       | Dhaval Raltors (I) Pvt.Limited       | Director  |
| 5       | Crystal Millenium Realtors Pvt. Ltd. | Director  |

Mr. Harshit M. Savla holds 282819 shares in the Company.

**Mr. Uday M. Patil**, aged 47 is working with the Company since long and he has good experience in factory administration work and liaisoning with various Government/Semi Government departments and agencies. As on 31<sup>st</sup> March,2010, his Directorship / committee membership in other public companies are as follows:

| Sr. No. | Name of the Company         | Membership of Board/ Committees |
|---------|-----------------------------|---------------------------------|
| 1       | Aarti Drugs Limited         | Director                        |
| 2       | Suyash Laboratories Limited | Director                        |

Mr. Uday M. Patil holds 3800 shares in the Company.

**Mr. Sunil M. Dedhia**, aged 45, is a Chartered Accountant and Company Secretary. He is practicing Company Secretary and has over 21 years of experience in the field of Corporate laws. As on 31<sup>st</sup> March,2010, his Directorship / committee membership in other public companies are as follows:

| Sr. No. | Name of the Company              | Membership of Board/ Committees     |
|---------|----------------------------------|-------------------------------------|
| 1       | Aarti Industries Limited         | Director                            |
| 2       | Aarti Drugs Limited              | Director                            |
| 3       | Anushakti Chemicals & Drugs Ltd. | Director & Member : Audit Committee |

Mr. Sunil M. Dedhia does not hold any shares in the Company.

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

### Item Nos. 8 and 9

Shareholders at the Annual General Meeting held on 31.08.2002 accorded their consent under Section 293(1)(d) of the Companies Act,1956 to the Board of Directors of the Company to borrow up to an amount of Rs.150 crores over and above the aggregate of the paid up capital and free reserves of the Company for the time being and further consent under Section 293(1)(a) of the said Act to create mortgages/charges on properties and assets, undertakings of the Company to secure such borrowings and working capital credit facilities. In view of the increased operations and ongoing capital expenditures of the Company and to take care of future expansion and diversification plans, your Directors request to increase the aforesaid powers to Rs.300 Crores, by passing the enabling resolutions proposed at the Item Nos. 8 and 9 of the accompanying notice. Your Directors recommend the said resolutions for your approval.

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

### Registered Office:

Plot No.N-198, MIDC,Tarapur,  
Village-Pantembhi,  
Taluka-Palghar,  
Dist. Thane 401 506.  
Place: Mumbai  
Date: 26<sup>th</sup> May, 2010

### By Order Of the Board

Sd/-  
Dilip Maharana  
Company Secretary

# Aarti Drugs Limited

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 25<sup>th</sup> Annual Report together with the Audited Statements of Accounts along with the Report of the Auditors for the year ended 31<sup>st</sup> March, 2010.

### COMPANY'S STANDALONE FINANCIAL RESULTS

|  | (Rupees in Lakhs) |           |
|--|-------------------|-----------|
|  | 2009-2010         | 2008-2009 |
| <b>Gross Sales/ Income from Operations</b>                                   | <b>49695</b>      | 40969     |
| Less: Excise Duty & Sales Tax  | <b>2553</b>       | 3319      |
| Net Sales/Income from operations   | <b>47142</b>      | 37650     |
| Less: (Increase) / Decrease in Stock-in-Trade                                | <b>376</b>        | 695       |
| Consumption of Raw Materials   | <b>23179</b>      | 21077     |
| Staff Cost   | <b>1362</b>       | 1114      |
| Other Expenditure  | <b>14793</b>      | 8950      |
| <b>Total Expenditure</b>   | <b>39710</b>      | 31837     |
| Operating Profit Before Interest, Depreciation, Tax & Amortisation           | <b>7432</b>       | 5814      |
| Add: Non-operating Income  | <b>45</b>         | 17        |
| Profit before Interest, Depreciation, Tax & Amortisation                     | <b>7477</b>       | 5831      |
| Less: Interest (previous year interest includes premium on FCCBs redemption) | <b>1474</b>       | 2272      |
| Depreciation & Amortization  | <b>1621</b>       | 1244      |
| <b>Profit Before Tax</b>   | <b>4382</b>       | 2315      |
| Less: Provision for taxation – Current                                       | <b>1502</b>       | 555       |
| – Deferred   | <b>270</b>        | 255       |
| <b>Profit After Tax</b>  | <b>2610</b>       | 1505      |
| Add: Surplus brought forward   | <b>9549</b>       | 8607      |
| Profit available for appropriation   | <b>12159</b>      | 10112     |
| <b>Appropriations:</b>   |                   |           |
| Income tax of Earlier Year   | <b>3</b>          | 0         |
| Transfer to General Reserve  | <b>261</b>        | 151       |
| Proposed Dividend 50% (Previous Year : 30%)                                  | <b>605</b>        | 351       |
| Tax on Dividend  | <b>101</b>        | 60        |
| <b>Balance carried to Balance Sheet</b>                                      | <b>11189</b>      | 9549      |

### DIVIDEND

Your Directors have recommended Dividend of Rs.5 /- (50%) per share for the year ended 31<sup>st</sup> March, 2010 (Previous Year:30%). Total cash outflow on account of dividend payment including dividend tax will be Rs.706 lakhs for the financial year 2009-10(Previous Year:Rs.411 lakhs).