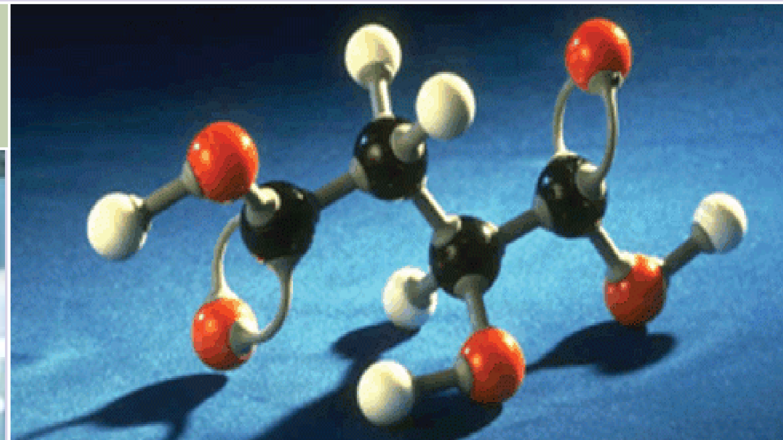
The Chemistry of Sustained Relationships



Annual Report
2016-17

Aarti Drugs Ltd.

AARTI DRUGS

AND ITS GLOBAL PRESENCE IN 100 COUNTRIES

Country

1	Albania	11	Brazil	21	Cyprus	31	Guatemala	41	Ivory Coast
2	Algeria	12	Bulgaria	22	Czech Republic	32	Hongkong	42	Jamaica
3	Argentina	13	Burundi	23	Ecuador	33	Hungary	43	Japan
4	Australia	14	Canada	24	Egypt	34	India	44	Jordan
5	Bangladesh	15	Chile	25	El Salvador	35	Indonesia	45	Kenya
6	Belarus	16	China	26	Ethiopia	36	Iran	46	Korea
7	Belgium	17	Colombia	27	France	37	Iraq	47	Kuwait
8	Benin	18	Costa Rica	28	Georgia	38	Ireland	48	Lativia
9	Bolivia	19	Croatia	29	Germany	39	Israel	49	Lebanon
10	Bosnia	20	Cuba	30	Greece	40	Italy	50	Lithuania

Continued....

Mission

- Aarti Drugs Limited will seek global market leadership.
- Development and growth in the products 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 Products in India and World.

AARTI DRUGS
AND ITS DOMESTIC PRESENCE

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

Corporate Information

Chairman Emeritus
Shri Chandrakant V. Gogri

Board of Directors

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

Shri Rashesh C. Gogri
Managing Director

Shri Harshit M. Savla
Jt. Managing Director

Whole-time Directors
Shri Harit P. Shah
Shri Uday M. Patil

Shri Rajendra V. Gogri
Non-Executive Director

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

Chief Financial Officer
Shri Adhish P. Patil

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

Corporate Identification Number
L37060MH1984PLC055433

Company Secretary & Compliance Officer
CS Vibhav S. Ranade

Statutory Auditors
M/s. Gokhale & Sathe,
308/309, Udyog Mandir No. 1,
7-C Bhagoji Keer Marg,
Mahim, Mumbai - 400 016, Maharashtra

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

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

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

Contents

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

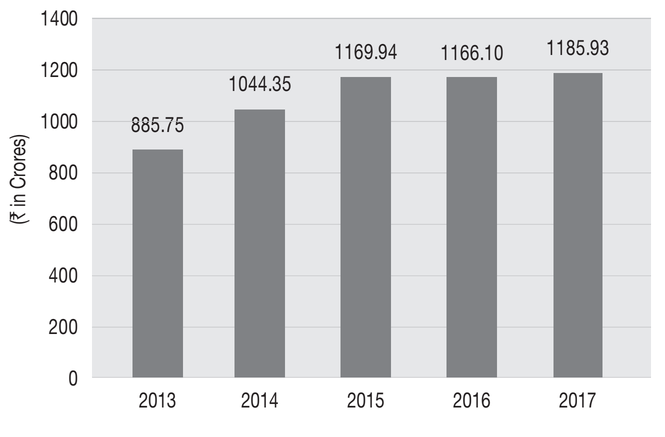
Particulars	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-17
Sales (Gross)	**49,694.87**	**52,301.38**	**69,917.64**	**88,574.83**	**104,434.57**	**116,993.80**	**116,609.60**	**118,593.34**
Profit Before Interest and Depreciation	7,207.99	6,269.13	8,027.03	12,033.43	14,635.01	16,895.56	17,170.30	**17,471.61**
Interest	1,474.45	1,347.80	2,267.19	2,803.55	3,348.97	3,887.70	4,328.35	**3,448.41**
Depreciation	1,351.75	1,774.06	2,421.59	2,598.40	2,811.94	3,066.35	3,558.41	**3,669.30**
Profit before tax	**4,381.79**	**3,147.27**	**3,221.98**	**6,587.84**	**8,476.04**	**10,006.49**	**9,283.54**	**10,653.90**
Profit after tax	**2,609.79**	**2,247.29**	**2,246.10**	**4,523.84**	**6,171.23**	**7,759.95**	**6,628.54**	**7,423.90**
Dividend (%)	**50**	**50**	**50**	**100**	**130.00**	**80.00**	**67.50**	**10**
Payout	605.43	605.43	605.43	1,210.86	1,574.11	1,937.35	1,634.65	**238.57**
Equity Capital	1,210.86	1,210.86	1,210.86	1,210.86	1,210.86	2,421.72	2,421.72	**2,385.71**
Reserves & Surplus	12,898.30	14,440.78	16,437.13	19,549.93	23,879.53	27,948.53	32,609.65	**37,369.55**
Networth	**14,109.16**	**15,651.63**	**17,647.99**	**20,760.78**	**25,090.39**	**30,370.25**	**35,031.36**	**39,755.26**
Borrowings								
Long Term	7,818.18	7,434.15	6,692.38	8,070.45	7,664.20	15,147.46	17,521.36	**18,744.56**
Short-Term-Bank	6,047.94	16,866.01	21,723.88	21,498.34	24,758.92	24,838.59	25,736.98	**22,957.36**
Short-Term-Others	3,898.38	85.01	1,374.94	-	1,800.83	288.00	-	**-**
Total Borrowings	**17,764.50**	**24,385.18**	**29,791.20**	**29,568.79**	**34,223.95**	**40,274.05**	**43,258.34**	**41,701.92**
Gross Block	28,748.23	34,579.98	43,938.29	47,904.89	58,113.01	66,509.39	69,073.67	**80,698.69**
Less : Depreciation	10,394.66	12,159.02	16,584.66	18,781.79	20,860.39	23,361.02	22,796.97	**26,466.27**
Net Block	**18,353.57**	**22,420.96**	**27,353.63**	**29,123.10**	**37,252.62**	**43,148.38**	**46,276.70**	**54,232.42**
Captal work-in-progress	340.35	1,037.47	299.09	1,258.89	831.55	1,334.63	3,404.47	**1,413.06**
Investments	2,137.85	2,461.29	691.84	513.19	461.90	1,111.49	1,111.51	**1,003.39**
Current Assets, Loans and Advances	20,020.43	25,669.13	32,917.38	41,076.71	46,428.05	51,098.67	54,677.46	**53,597.15**
Less: Current Liabilities	6,998.89	9,322.39	11,375.56	17,602.05	21,407.73	21,313.77	21,970.69	**22,085.28**
Net Working Capital	**13,021.54**	**16,346.74**	**21,541.83**	**23,474.66**	**25,020.32**	**29,784.90**	**32,706.77**	**31,511.87**
Book Value (₹)	116.52	129.26	145.75	171.46	207.21	125.41*	144.66	**166.64**
EPS (Basic & Diluted) (₹)	22.08	18.56	17.84	37.36	50.97	32.04*	27.37	**30.78**

Notes: * Post bonus issue of 1:1 equity share for the year 2015.

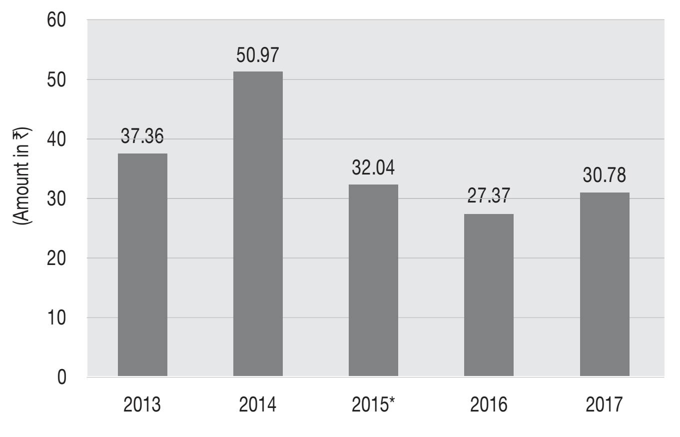
During the F.Y. 2016-17, the Company has bought back 3,60,000 Equity Shares at a price of ₹ 750/- per share.

FINANCIAL HIGHLIGHTS

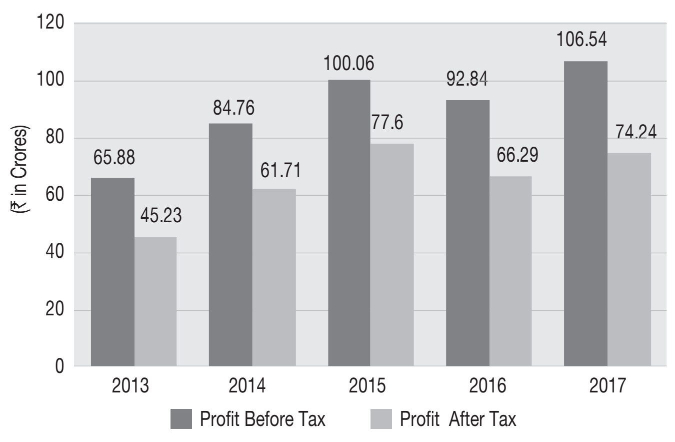
Turnover



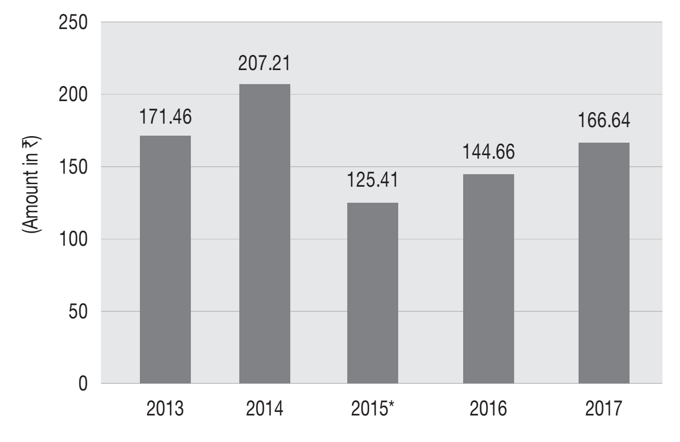
Earning Per Share



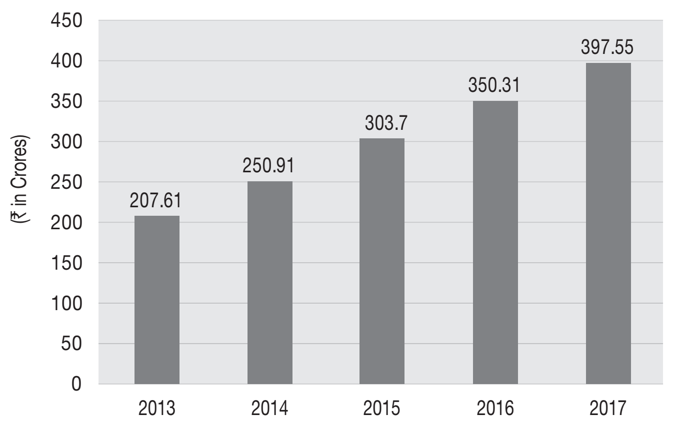
Profit Before Tax & Profit After Tax



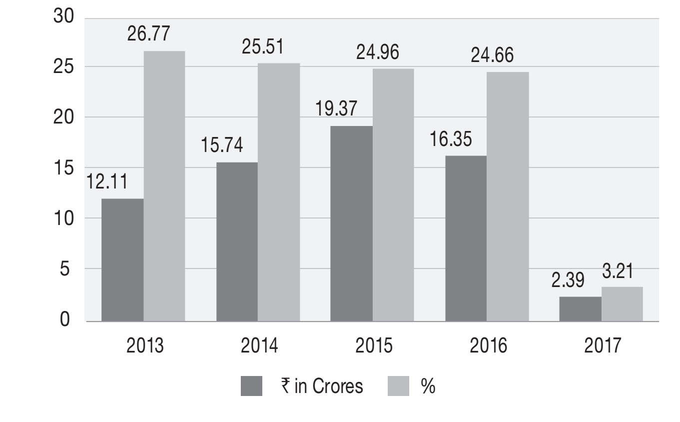
Book Value



Networth



Divdend Payout



Notes: * Post bonus issue of 1:1 equity share for the year 2015.

During the F.Y. 2016-17, the Company has bought back 3,60,000 Equity Shares at a price of ₹ 750/- per share.

NOTICE

NOTICE is hereby given that the **THIRTY SECOND ANNUAL GENERAL MEETING** of the members of **AARTI DRUGS LIMITED** will be held on **Friday, 18th August, 2017 at 2.30 p.m.** at TIMA Hall, MIDC Tarapur, Dist. Palghar - 401 506, Maharashtra, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended 31st March, 2017, the reports of the Board of Directors and the Auditors thereon.

2. To declare a final dividend on Equity Shares.

3. To appoint a Director in place of Shri Harshit M. Savla (DIN: 00005340), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Shri Prakash M. Patil (DIN: 00005618), who retires by rotation and being eligible, offers himself for re-appointment.

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

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 (the Rules) and pursuant to recommendation of the Audit Committee of the Board of Directors, M/s. GBCA & Associates, Chartered Accountants (Firm Regn. No. 103142W), be and is hereby appointed as Statutory Auditors of the Company for a period of 1 (one) year, to hold office from the conclusion of this Thirty Second Annual General Meeting until the conclusion of the Thirty Third Annual General Meeting of the Company, on such remuneration and reimbursement of out of pocket expenses, as shall be decided/approved by the Board of Directors."

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to provisions of Section 196, 197, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof] for the time being in force, consent of the members be and is hereby accorded to re-appointment and terms of remuneration of Shri Prakash M. Patil as the Managing Director of the Company for a period of five years with effect from 1st June, 2017 upon the terms and conditions as set out in the draft agreement to be entered into by the Company with him and submitted to this meeting, duly initialed by the Chairman for the purpose of identification, which is specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement so as not to exceed the limits specified in Schedule V of the Act and as may be agreed between the Board of Directors and Shri Prakash M. Patil.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things in its absolute discretion as it may think necessary, expedient or desirable to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval / consent from Central Government, if required in this regard."

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

   "RESOLVED THAT pursuant to provisions of Section 196, 197, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof] for the time being in force, consent of the members be and is hereby accorded to re-appointment and terms of remuneration of Shri Rashesh C. Gogri as the Managing Director of the Company for a period of five years with effect from 31st October, 2017 upon the terms and conditions as set out in the draft agreement to be entered into by the Company with him and submitted to this meeting, duly initialed by the Chairman for the purpose of identification, which is specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement so as not to exceed the limits specified in Schedule V of the Act and as may be agreed between the Board of Directors and Shri Rashesh C. Gogri.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things in its absolute discretion as it may think necessary, expedient or desirable to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval / consent from Central Government, if required in this regard."

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

   "RESOLVED THAT pursuant to provisions of Section 196, 197, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof] for the time being in force, consent of the members be and is hereby accorded to re-appointment and terms of remuneration of Shri Harshit M. Savla as the Managing Director of the Company (designated as Joint Managing Director) for a period of five years with effect from 1st June, 2017 upon the terms and conditions as set out in the draft agreement to be entered into by the Company with him and submitted to this meeting, duly initialed by the Chairman for the purpose of identification, which is specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement so as not to exceed the limits specified in Schedule V of the Act and as may be agreed between the Board of Directors and Shri Harshit M. Savla.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things in its absolute discretion as it may think necessary, expedient or desirable to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval / consent from Central Government, if required in this regard."

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

   "RESOLVED THAT pursuant to provisions of Section 196, 197, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof] for the time being in force, consent of the members be and is hereby accorded to re-appointment and terms of remuneration of Shri Harit P. Shah as the Whole-time Director of the Company for a period of five years with effect from 1st June, 2017 upon the terms and conditions as set out in the draft agreement to be entered into by the Company with him and submitted to this meeting, duly initialed by the Chairman for the purpose of identification, which is specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement so as not to exceed the limits specified in Schedule V of the Act and as may be agreed between the Board of Directors and Shri Harit P. Shah.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things in its absolute discretion as it may think necessary, expedient or desirable to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval / consent from Central Government, if required in this regard."

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

    "RESOLVED THAT pursuant to provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof] for the time being in force, approval of the members of the Company be and is hereby accorded to Shri Adhish P. Patil, Chief Financial Officer (CFO) of the Company and relative of Shri Prakash M. Patil, Chairman, Managing Director & CEO of the Company to hold and continue to hold office or place of profit as such on a total remuneration exceeding ₹ 2,50,000/- per month.

    RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to review and determine from time to time, the term of holding of the said office or place of profit of Shri Adhish P. Patil, including his remuneration at its discretion and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

    "RESOLVED THAT pursuant to provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof] for the time being in force, approval of the members of the Company be and is hereby accorded to Shri Vishwa H. Savla, Vice – President, Formulations of the Company and relative of Shri Harshit M. Savla, Jt. Managing Director of the Company to hold and continue to hold office or place of profit as such on a total remuneration exceeding ₹ 2,50,000/- per month.

    RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to review and determine from time to time, the term of holding of the said office or place of profit of Shri Vishwa H. Savla, including his remuneration at its discretion and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

    "**RESOLVED THAT** pursuant to provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof] for the time being in force, the Article 86(1) of the existing Articles of Association of the Company be and is hereby altered by deleting and substituting in its place the following new Article 86(1):

86(1)	*Shri Prakash M. Patil and Shri Rashesh C. Gogri as the managing director(s) of the Company shall not be liable to retire by rotation.*	*Directors not liable to retire by rotation*

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

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

"**RESOLVED THAT** pursuant to provisions of Sections 196, 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act") and subject to all such sanctions, if any, as may be necessary, the Company hereby approves, revision in the rate of aggregate commission payable to Shri Prakash M. Patil, Chairman, Managing Director & CEO, Shri Rashesh C. Gogri, Managing Director, Shri Harshit M. Savla, Jt. Managing Director, Shri Harit P. Shah, Whole-time Director of the Company from existing 2% to 2.4% of the net profit effective from 1st April, 2017 for the remainder of the tenure of their respective terms during the financial year ending on 31st March, 2018 payable on quarterly basis and that the respective Agreements made with each one of them as amended from time to time shall stand amended and construed accordingly.

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, [including any statutory modification(s) or re-enactment thereof] for the time being in force, the remuneration of ₹ 3,00,000/- (Rupees Three Lacs only) as approved by the Board of Directors based on the recommendations of Audit Committee of the Company, to be paid to GMVP & Associates LLP, Cost Accountant, for the conduct of the Audit of the cost accounting records of the Company, for the financial year ending 31st March, 2018, be and is hereby ratified and confirmed."

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

"RESOLVED THAT pursuant to the provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules prescribed thereunder, consent of the Company be and is hereby accorded to the Board of Directors to charge from the member such fees in advance equivalent to estimated actual expenses for delivery of documents by the Company through a particular mode only as prescribed under the said Act if any written request is made by such member in this regard, provided such request along with requisite fees has been duly received by the Company at least 10 (ten) days in advance of dispatch of documents by the Company to such member.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient for the purpose aforesaid."

By Order of the Board of Directors
of Aarti Drugs Limited

Sd/-

Vibhav S. Ranade
Company Secretary

Place: Mumbai
Date: 23rd May, 2017

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

Notes:

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

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

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