

AARTECH SOLONICS LIMITED

40th ANNUAL REPORT



2021-2022

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Amit Anil Raje	: Chairman & Managing Director
Mr. Anil Anant Raje	: Non-Executive Director
Mrs. Arati Nath	: Executive Director & CEO
Mr. Prashant Dattatray Lowlekar	: Non-Executive & Independent Director
Mr. Kshitij Negi	: Non-Executive & Independent Director

KEY MANAGERIAL PERSONNEL

Mr. Amit Anil Raje	: Managing Director
Mrs. Arati Nath	: Chief Executive Officer
Mr. Pradeep Vasant Narkhede	: Chief Financial Officer
Mr. K R Tanuj Reddy	: Company Secretary & Compliance Officer

BOARD COMMITTEES

• AUDIT COMMITTEE

Mr. Prashant Dattatray Lowlekar	: Chairman
Mr. Kshitij Negi	: Member
Mr. Amit Anil Raje	: Member

• NOMINATION AND REMUNERATION COMMITTEE

Mr. Kshitij Negi	: Chairman
Mr. Prashant Dattatray Lowlekar	: Member
Mr. Anil Anant Raje	: Member

• STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Kshitij Negi	: Chairman
Mr. Anil Anant Raje	: Member
Mr. Amit Anil Raje	: Member

BANKERS

HDFC Bank

STATUTORY AUDITOR

M/s S. Ramanand Aiyer & Co. (FRN: 005313C)
Chartered Accountants

SECRETARIAL AUDITOR

M/s APVN & Associates
Company Secretaries

REGISTRAR AND TRANSFER AGENT

Bigshare Services Pvt. Ltd.

S6-2, 6th Floor, Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves
Road, Andheri East,
Mumbai – 400 059 (MH)
Tel.: +91 22 6263 8200
Email: info@bigshareonline.com
Website: www.bigshareonline.com

REGISTERED OFFICE

E-2/57, Ashirvad, Arera Colony, Bhopal –
462016 (MP)
Tel.: +91 755 4276335
Email : treddy@aartechsolonics.com
Website : www.aartechsolonics.com
CIN : L31200MP1982PLC002030
ISIN : INE01C001018
BSESME SCRIP ID/CODE: AARTECH/
542580

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LETTER TO THE SHAREHOLDERS

Dear Members of the Aartech Family,

Every year, this communication gives us a wonderful opportunity to exchange notes on the latest happenings of your company.

As I reflect and put this together, I cannot help but express what an honour and great privilege it feels to represent our company, which is now coming close to nearly 40 years since incorporation – a remarkable milestone in itself.

As Aartech continues on its unique journey through the highly disruptive times we live in, I am happy to report on the progress and achievements it has made through FY 21-22.

Record Turnover:

Your company achieved a record turnover in FY 21-22 beating all past numbers. This is a glowing reflection on the confidence posed in the business by all its esteemed customers and our capacity to attract business and deliver to customer expectations. I take the opportunity to thank all our stakeholders and in particular, appreciate the hard work, dedication and commitment of all the Aartechies to make this happen. To deliver this result as the world grappled through the crises of the second wave of COVID-19 is by no means an easy feat to achieve and demanded the best of agility and acumen from the entire team.

You might recollect from my communication last year, that your company had bagged two prestigious projects in the defence sector. Team Aartech is happy to report that both those projects were successfully executed and is now paving the doors for next generation of opportunities for your company.

Several other noteworthy projects include serving the world's largest reverse osmosis plant at Abu Dhabi, UAE and India's largest nuclear power plant with our fast bus transfer system solutions.

It has also closed FY 21-22 with a significant order book. With the factories booked to capacity for the first quarter of FY 22-23, it signals a positive trend toward consistent revenue growth and capacity utilizations.

Capacity Expansions:

Capacity expansions are underway at both Mandideep and Parwanoo units to cater to the increased pipeline of business requirements. The Parwanoo unit relocated to a new larger facility which is well endowed to serve several upcoming project and product requirements anticipated in the near future.

Research & Development:

Your company was selected to carry out an R&D Project by Department of Science & Technology (DST), Government of India under its SERD-2019 (Solar Energy Research and Development) scheme. The SAUR STAMBH project integrates Low Power, Long Range, Wireless Network enabled Agri-IOT applications with Solar High-Mast Lights and is under execution in a 2-year timeframe.



Winning A National Level Challenge – DISC 5:

Your company was one of the select winners of the prestigious Defence India Startup Challenge DISC 5 Challenge from Innovations for Defence Excellence (iDEX), Ministry of Defence, Government of India. It was awarded a SPARK (Support for Prototyping and Research Kickstart) matching grant and is working on a war footing with various stakeholders to meet the highly aggressive timelines set for the deliverables and position it on a roadmap towards active commercialization.

Increased Team Strength:

The growth trajectory has added significant momentum in the capabilities of your company to serve upcoming challenging opportunities and has attracted and engaged a very capable pool of experienced and talented employees, associates and consultants to pursue these growth avenues.

Subsidiaries:

Your company's subsidiaries are advancing in their respective objectives.

Faradigm Ultracapacitors Pvt. Ltd. has progressed in being able to deliver industry ready offerings in energy storage. It reported its first year of profits in FY 21-22 with the successful breaks it achieved with various key projects.

AIC-Aartech Solonics Pvt. Ltd., supported by Atal Innovation Mission, NITI AAYOG has continued to engage with the startup ecosystem in India and abroad and focusing on building win-win prospects with all its stakeholders.

Startups Initiatives:

One of the invested startups in which your company has been involved in since inception is M/s Enerqual Technology Private Limited. It serves the renewables domain with design engineering services to international clients and has increased its team strength operating out of the campus by more than 100% over the last year.

Your company is playing a notable role in providing employment and engagement opportunities for the next generation and nurturing talent towards innovation led entrepreneurship.

Strategic Overseas Investments:

Your company has also been on the watch for inorganic expansion opportunities into new technologies and markets for a while, particularly foraying into a presence in overseas horizons which have a differentiated demand for technology products along with accompanied purchasing power.

I am pleased to report that your company is exploring a definitive strategic investment in a UK startup having international IPR on a flywheel-based energy storage technology, with a view to leverage and co-create an active manufacturing, marketing and internationalization trajectory in the near future. This presents a very interesting opportunity to your company to leap frog itself into its next orbits of growth with a global perspective in mind.

Main Board Listing:

Your company has established a healthy and consistent dividend paying record coupled with a 1:2 bonus issue in FY 21-22. Your company now meets all eligibility norms for progressing to main board listing, standing true to its commitment to its long-term vision for unlocking value for all its stakeholders.

Your company looks forward to your continued support into the future towards this vision.

Sd/-

Amit Anil Raje
Chairman & Managing Director
Aartech Solonics Limited
DIN: 00282385

16th August, 2022.

FROM THE DESK OF CEO (CHIEF FINANCIAL OFFICER)

Dear Aartech Shareholders

It gives me great pleasure to write this note on the occasion of the Fortieth Annual Report. Time has really flown and it's been a great entrepreneurial journey for all associated with Aartech. As we are all set to enter the 40's, the company is getting stronger and stronger with each step it is taking with its vision and mission in full spirit.

As our nation emerges from the debilitating impact of the second wave, there is now hope that India will effectively combat the impact of COVID. During these tough times, I would also like to wish you all and your loved ones the best of health and safe passage through these uncertain times.

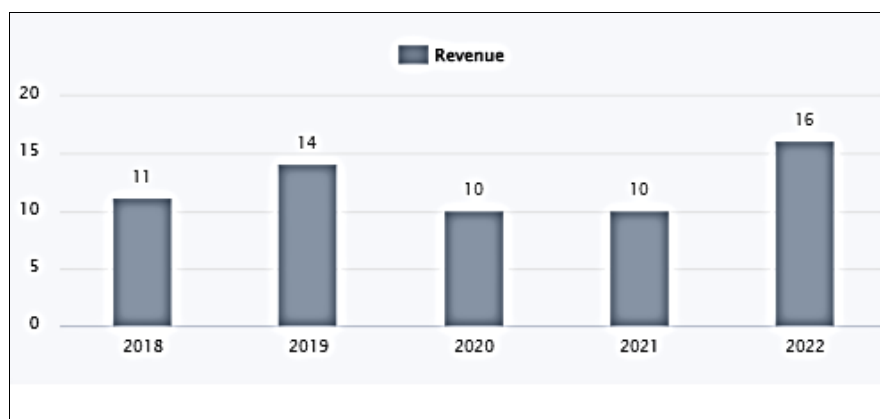
The last fiscal year started with the onset of second wave of the pandemic that had caused large scale disruptions and impacted a large number of sectors and industries. Amongst the multiple sectors we deal with, they were also not immune to its impact. However, withstanding these, the company has given record financial performance in the history of Aartech, a proud moment for all of us.

Looking back in the last year and our relentless efforts for last many years, it is clear that our financial discipline and constant endeavour to understand our customer's pain point and giving solutions on them through suitable applications is what enabled us to persevere in our steadfast dedication to help our customers throughout the world.

Financials

Revenues

On a standalone basis, the operating revenues increased 49.54% Y/Y to a record figure of Rs.16.36 Cr primarily due to the orders executed for ultracapacitors segment along with steady business from other segments. Other income also increased 93.6% Y/Y to Rs. 1.82 Cr primarily due to disciplined and timely investment in markets.



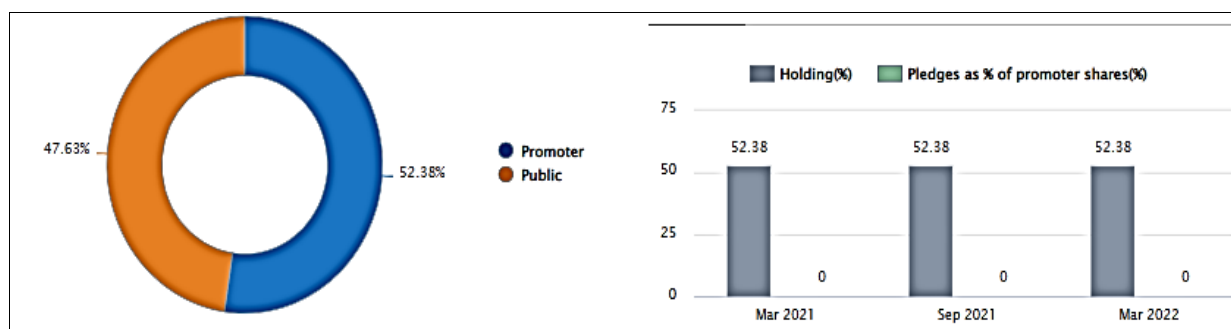
PAT

PAT increased 69% Y/Y to Rs. 1.42 Cr on the backing of higher revenues and consistent high margins maintained on our flagship product coupled with good control over price escalations of procurement of raw materials.

Shareholding Pattern and Capital Structure

The shareholding pattern remains consistent with promoters holding at 52.38% and public shareholding at 47.63%. The company firmly believes that the shareholding is appropriate and the promoters would be keen to increase the shareholding in the times to come as a positive sign for investor confidence.

The company also issued bonus shares in the ratio of 2:1 with the total equity base to Rs. 10 Cr from Rs. 7.06 cr. The bonus shares were issued from the general reserve resulting in total reserves of Rs. 18 Cr as of 31/03/2022.



Wholly Owned Subsidiaries

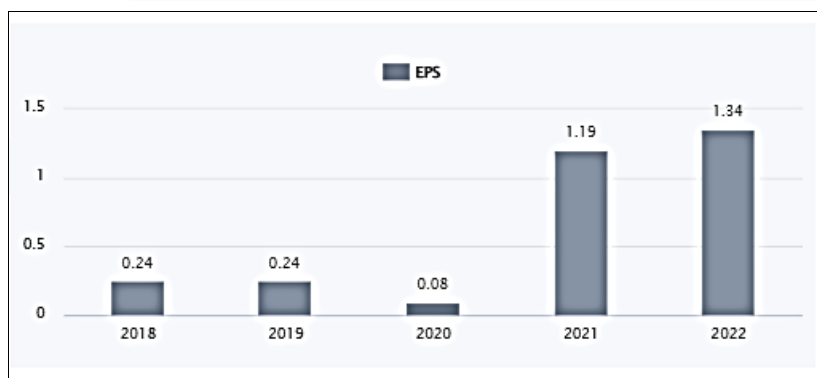
The company has two wholly owned subsidiaries mainly Faradigm Ultracapacitors Pvt Ltd (FUPL) and AIC - Aartech Solonics Pvt Ltd.

While Faradigm Ultracapacitors Pvt Ltd is mainly looking into the energy storage applications, the latter subsidiary looks into the startup ecosystem. This year FUPL has recorded a >100% profit of Rs. 1.57 Cr from a loss Rs 30 Lacs last FY.

Key Ratios

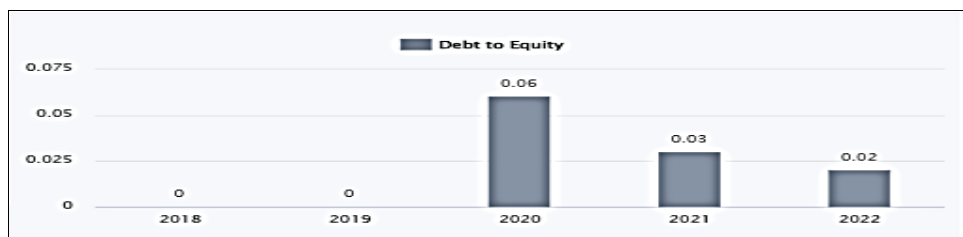
EPS

EPS has increased Y/Y to 1.34 from 1.19 indicating positive returns Y/Y to the shareholders despite prevailing pandemic.



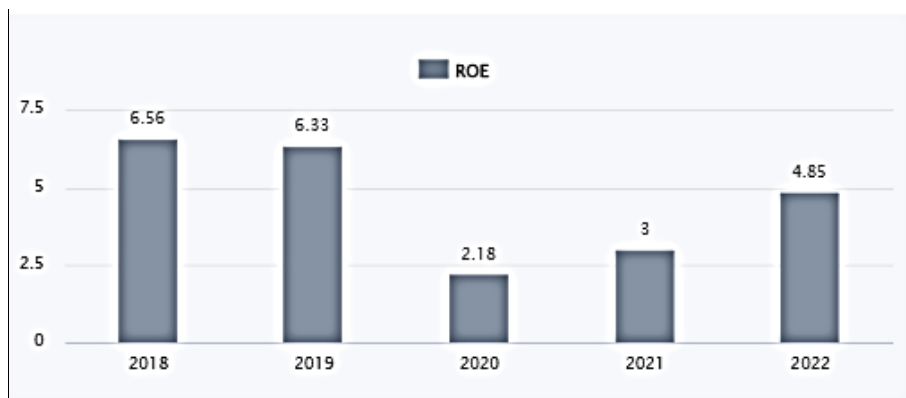
Debt to Equity

D/E ratio remains stable at 0.02 primarily due to no new debts taken by the company and operating from its cash reserves.



Return on Equity

The ROE has increased from 3x to 4.85x indicating stronger returns to the shareholders and consistent performance of the company in the diverse segments it has been operating. The company is effectively using the shareholder's funds for improving the profitability of the company.



Share Price and Volumes



The company's share price has increased by an average of 42.48% in one year with the price touching 52 weeks high of 56.45 indicating strong fundamentals of the company's financial getting reflected in the stock price.

Other Aspects

Creating Value

At Aartech, we are constantly looking to understand what value are we offering to our stakeholders, be it in the form of shareholders, customers or employees. Growth for the sake of growing can lead to cancer like situations and therefore the company strongly believes and maintains the philosophy of creating value together with technical collaborations or single handedly. The company believes in its logo "Dare to go Solo" to create change in the eco system it is sustaining.

Customer Experience

Aartech is known to provide prompt services to its customers at all levels. Service Escalations are carefully maintained and happy to share that there are no customer issues pending at this point and expect the same in future.

In today's times, customers are experiencing new and dynamic challenges every day. We are still in our early stages, learning, improving our processes, and finding systemic solutions to every problem. We are quite confident that with this constant process of introspecting, learning, rapid re-learning, willingness to scrap what we built and rebuild, and our willingness to build and collaborate with new technologies, we will improve our services going forward and fill our gaps.

Corporate Governance

Your Company views corporate governance as a key element in improving economic efficiency and growth, as well as for building confidence of its stakeholders. Being a Listed Company, the company complies with all applicable provisions within its ambit, relating to corporate governance as stipulated under the Companies Act,