



AARTECH SOLONICS LIMITED

41st ANNUAL REPORT

2022-2023

CORPORATE INFORMATION

Board of Directors

Mr. Amit Anil Raje

Chairman & Managing Director
DIN: 00282385

Ms. Arati Nath

CEO & Director
DIN: 08741034

Mr. Anil Anant Raje

Non-executive Director
DIN: 01658167

Mr. Prashant Dattatray Lowlekar

Independent Director
DIN: 08041377

Mr. Kshitij Negi

Independent Director
DIN: 09046425

Ms. Supriya Sunil Chitre

Independent Woman Director
DIN: 09237218

Registered Office

AARTECH SOLONICS LIMITED

CIN: L31200MP1982PLC002030
E-2/57, Ashirwad, Arera Colony,
Bhopal, 462016, Madhya Pradesh
Tel. No. +91 755 4276335
Email : compliance@aartechsolonics.com
Website : www.aartechsolonics.com

Bankers

HDFC Bank

Registrar & Share Transfer Agent

Bigshare Services Pvt. Ltd.
S6-2, 6th Floor, Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves
Road, Andheri East,
Mumbai – 400093 (MH)
Tel.: +91 22 6263 8200
Email: info@bigshareonline.com
Website: www.bigshareonline.com

CFO

Mr. Pradeep Vasant Narkhede

Company Secretary & Compliance Officer

CS K R Tanuj Reddy

Statutory Auditors

S. Ramanand Aiyar & Co.
Chartered Accountants,
51, Ratna Lok Colony, Scheme No. 53
Vijay Nagar, Indore, 452011, MP

Secretarial Auditor

APVN & Associates
IInd Floor, Bakshi Complex, Plot No. 68,
Zone-II, M.P. Nagar, Bhopal – 462011, MP

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

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LETTER TO THE SHAREHOLDERS

Dear Members of the Aartech Family,

Namaskar ! I hope you and your near and dear ones are all doing well.

Penning this annual communication never fails to trigger waves of reflection over multiple layers and this year is no exception. As our learning and experience accumulate and translate into action, yesterday's opportunities and challenges becomes today's candid reality. As your company pivots and perseveres in its journey with an eye on the triple bottom-line – people, planet, and profit; it is interesting to observe and acknowledge how we gradually evolve in the process of continuously re-discovering and re-inventing ourselves.

We completed 40 years since our incorporation on Ganesh Chaturthi Day, 24th August 1982. Words fail to express what it truly means for your company to enjoy the continued blessings, unwavering support and visionary guidance of our co-founder promoters, my respected parents - Sh. Anil Raje and Smt. Chhaya Raje.

And so, it gives me great pleasure to share our journey at Aartech through FY 22-23 with all of you here and look forward to your perspectives and feedback to continue together on our way forward.

Board of Directors:

Your company welcomes Squadron Leader Supriya Chitre (Retd) as an independent director. Having served the Indian Air Force with a fruitful tenure of 10 years, she has also pursued her post graduate degree in clinical psychology from S.P. College, Pune, business management from IIM Indore and served National Defence Academy as a psychologist, counselor and instructor. She is currently the Founder and Director of Udaan Foundation which provides support services to develop physically fit and mentally agile youngsters, to raise a responsible, selfless and contributing generation for the country. Your company is privileged to have her onboard and looks forward to her directorial inputs.

I would also like to take this opportunity to acknowledge the rich and wholesome contributions of all my director colleagues on the board in various capacities. Their inputs are very helpful to assist your company in variety of matter and keep all due balance and checks in the interest of corporate governance.

Record Turnover and Highest Ever Order Book:

Your company has achieved a record turnover beating its past record last year. From a distance this may look to be reasonably expected and nothing spectacular; but it would be amiss to not mention the hustle and efforts that go on behind the scenes with an ample dose of creativity, agility, strategy, bold initiatives and sheer hard work that make this happen.

An important metric that we also like to track is our order book. This provides good visibility on the stable performance and outlook of your company, and provides a sound basis to invest our resources towards achieving desirable outcomes. I am happy to share that we have also accomplished a record in terms of our highest order book level ever till date.

Your company has a very interesting product and services mix and this keeps adapting to the tune of present day market opportunities and future potential in a bid to secure the best outcomes.

I take this opportunity to thank all our stakeholders and in particular, appreciate the hard work, dedication and commitment of all the Aartechies to make this happen. In particular, I would like to mention our young and dynamic executive management team led by Arati Nath [AAN] (CEO) consisting of (in alphabetical order) Debasis Barik [DDB] (CRO), Pradeep Vasant Narkhede [PVN] (CFO), Shailendra Singh Raghuvanshi [SSR] (COO), Sohail Hussain [SSH] (CXO) and Vivek Attri [VSA] (CMO). Together, this rock-solid team plans, executes and delivers to the directions of the board and has demonstrated a stellar performance in FY 22-23. More power to them !

Vertical and Horizontal Integration – Capacity Expansion:

Vertical integration with better asset utilization is helping achieve superior operational efficiencies in established product lines. Simultaneously, horizontal integration is opening doors to new vistas and business opportunities which synergize with our existing range of offerings. Investments into Plant & Machinery, Software and Hardware Tools, Equipment and Accessories are continuously taken up on a case-to-case basis to align with the roadmap and plans from time-to-time.

The Mandideep unit has four new areas equipped with modern amenities: Lakshya – for mission oriented jobs, Parakh – for analytics, Zayka – for community dining and Sukoon – to catch some rest and sleep ! If you are interested in a tour of our facilities, please do not hesitate to get in touch and we would be happy to coordinate a visit and interaction with our team.

We are in the process of planning for significant capacity expansion in the near future. Do stay tuned for more developments on this.

Key Breaks:

Your company continues to take new strides in tapping business opportunities with a lot of hunger and passion towards its multi-dimensional growth. Selective mentions are listed below.

Utility Sector:

Your company has secured its first order from its esteemed utility customer MPPTCL at 220kV/400kV EHV level and a Substation Automation System (SAS) order for 132kV from UPPTCL. Besides, new customers have been added to serve large market opportunities in regions of Southern India such as Tamil Nadu against stiff competition.

With these breaks, your company looks forward to new business development from various utility customers and foraying into this lucrative specialty segment in a determined manner.

Defence Sector:

I am happy to share that your company has won a prestigious order for development of a custom-built power supply equipment from Naval Physical & Oceanographic Laboratory (NPOL), a DRDO lab based in Kochi, India amidst stiff competition from large and reputed companies in this sector.

Your company has also bagged a Project Sanction Order for indigenous design and development of a custom-built power supply equipment from Mazgaon Dock Limited, Mumbai for a retrofitting application in a submarine.

This marks Aartech's foray into serving the demanding needs of the Indian Navy and will enhance our capabilities to address emerging as well as import substitution needs of the country.

Industrial Sector:

Your company successfully contributed towards a prestigious system integration project introducing Fault Current Limiter technology at IOCL's Panipat Refinery in collaboration with M/s G&W Electric Co. USA. The safety features of this technology are vital to enable several operating scenarios while preventing catastrophic situations due to electrical faults. This further paves the way for your company to participate in avenues for more widespread adoption of this technology for a large number of petrochemical plants in the time to come.

Your company is serving a large and growing portfolio of innovative customer requirements across various domains for customized cases and enclosures with delightful turn-around time and an eye for detail and quality.

Strategic Overseas Investments:

Your company has made a strategic investment in a promising UK startup working in the field of flywheel energy storage. Energy storage as a field is gaining a lot of attention due to the increased penetration of distributed renewable energy generation as well as the extensive geo-political risks associated with over-dependence on any country dominating the supply chain of precious raw materials. We believe that the flywheel energy storage technology offers some interesting solutions and will strongly enhance and complement our existing portfolio of differentiated energy storage offerings. Risk factors include product realization, product-market fitment and subsequent fund-raising rounds; typically associated with any technology-based startup venture. Our vision with this strategic investment is to leverage and co-create an active manufacturing, marketing and internationalization trajectory in the near future.

Strategic Domestic Business Partnerships:

Your company has made a strategic domestic business partnership with an Indian startup working in the field of Solid Oxide Fuel Cell (SOFC) based offerings with a focus on defence applications. This will strongly enhance and complement our existing portfolio of differentiated energy storage offerings. We believe that the fuel cell technologies have a niche use case which is increasingly attracting customers especially for critical stationary as well as mobile applications requiring high energy density with compact form factors.

Research & Development:

'Saur Stambh' - an R&D Project by Department of Science & Technology (DST), Government of India under its SERD-2019 (Solar Energy Research and Development) scheme is making healthy progress. An interim review by a designated DST panel has recommended trial demonstrations in the states of Madhya Pradesh, Himachal Pradesh, Rajasthan and NCR Region, which are being taken up. The SAUR STAMBH project integrates Low Power, Long Range, Wireless Network enabled Agri-IOT applications with Solar High-Mast Lights.

Your company also went through several qualifying levels for the New Millenium Indian Technology Leadership Initiative (NMITLI) 2022 Program in association with CSIR-AMPRI. NMITLI is a flagship program of the Council of Scientific and Industrial Research (CSIR), Ministry of Science & Technology, Govt of India. A High Powered Committee (HPC) has made several recommendations for our proposal on Indigenous Development of Ultracapacitor Technology which are under investigation by our R&D teams.

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.

Paradigm Ultracapacitors Private Limited has progressed in being able to deliver industry ready offerings in energy storage. A variety of problem statements from customers and associated business opportunities are encouraging higher levels of investments in its resource base.

AIC-Aartech Solonics Private Limited, 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. Now reaching its final year of official association with Atal Innovation Mission, NITI AAYOG; a revised business plan is under preparation to plan and decide its future course.

Re-Branding:

Your company has undertaken a major marketing initiative to engage a marketing firm to assist it in re-branding itself in line with the current and future aspirations that your company represents. Stay tuned for various initiatives to be unleashed in this direction in a systematic and purpose driven manner.

Main Board Listing:

I am pleased to report that your company is steadily progressing in its plans for main board listing on BSE as well as NSE in FY 23-24. I see it as a beginning of a long and value enriching journey which opens the door for participation from the public retail investors at large. In no uncertain terms this milestone will accomplish a long-cherished vision of the promoters of your company and we believe it will unlock tremendous value for all our stakeholders in the time to come.

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

06th September, 2023.

FROM THE DESK OF CEO (CHIEF EXECUTIVE OFFICER)

Dear Aartech Shareholders

Jai Hind!

Saathiyon, it gives me great pleasure to write this note on the occasion of the Forty First Annual Report. As we continue unlocking value in each and every business activity, it is definitely an exciting time to continue working in the ecosystem of India.

While the economic situation and geopolitical situation across the world reflects uncertainty, the unstoppable India, the success of Chandrayaan 3 and the G20 summit in India are surely reflecting a prosperous, strong, self-confident and one of the leading nations in the world.

The story of success continues in our company. The company has given a record financial performance consecutively for second time in a row, a proud moment for all of us.

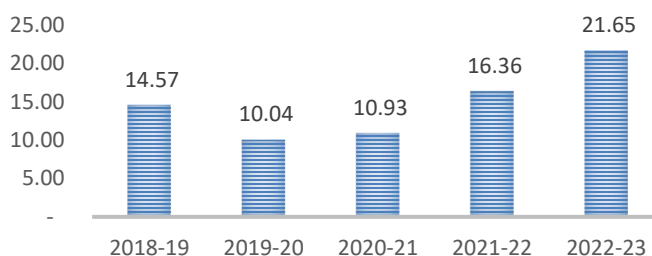
Looking back in the last year and our relentless efforts for last many years, we consistently believe that our financial discipline and constant endeavour to understand our customer's pain point and giving solutions on them through suitable applications is what enabled us to persevere in our steadfast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

Financials

Revenues

On a standalone basis, the operating revenues increased 32.32% Y/Y to a record figure of Rs.21.65 Cr primarily due to the orders executed for BTS, Control and Relay Panel, BestCase and Clip segment along with steady business from other segments. Other income also increased 19% Y/Y to Rs. 2.17 Cr primarily due to disciplined and timely investment in markets.

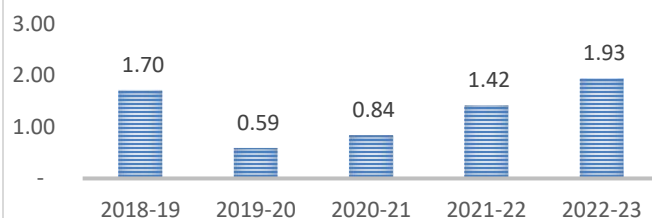
OPERATING REVENUE



PAT

PAT increased 36.26% Y/Y to Rs. 1.93 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.

PROFIT AFTER TAX



Shareholding Pattern and Capital Structure

The shareholding pattern remains consistent with promoters holding at 52.68% and public shareholding at 47.32%. 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. Total general reserves were Rs. 19.78 Cr as of 31/03/2023.

Wholly Owned Subsidiaries

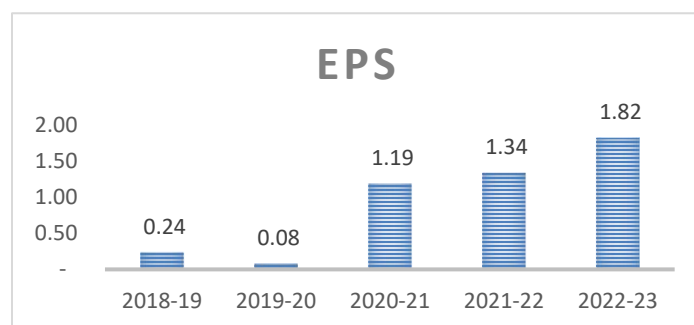
The company has two wholly owned subsidiaries mainly Faradigm Ultracapacitors Private Limited (FUPL) and AIC- Aartech Solonics Private Limited.

While Faradigm Ultracapacitors Private Limited is mainly looking into the energy storage applications, the latter subsidiary looks into the startup ecosystem. This year FUPL has recorded a profit of 3.47 lacs in anticipation of order booking in energy storage applications in this year.

Key Ratios

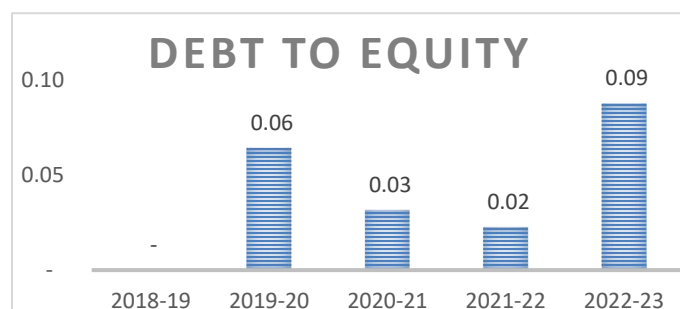
EPS

EPS has increased Y/Y to 1.89x from 1.34x indicating positive returns Y/Y to the shareholders reflecting strong fundamentals.



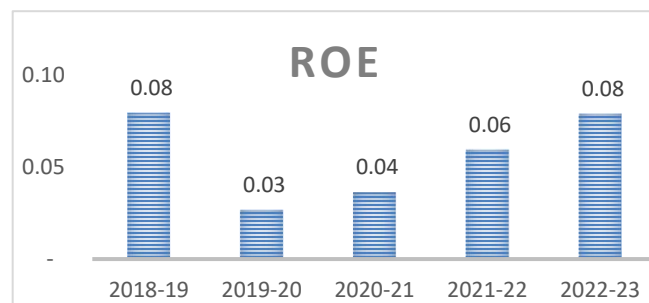
Debt to Equity

D/E ratio increased marginally to 0.09 primarily due to additional exposure in working capital limits for order executions.



Return on Equity

The ROE has increased from 0.06x to 0.08x 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.



Other Aspects

• Strategic

Blueprint for Transformation

The company led by its leader and mentor Sh. Amit Anil Rajee (AMR) is trying to meet the vision and mission set by the ex- CMD and promoter Sh. Anil Anant Rajee (AAR). We have initiated a process to co-create a vision statement for the company and it is set to be the compass for the direction which the company would take by having a footprint globally.

The company has also changed its growth trajectory and its speed. We have tried to draw a strategic roadmap which ensures that we periodically re-examine our portfolio through the lens of market realities.

Global Footprint

While our products are catering domestically to many customer pain points, we have realized two things - 1) We need to have inorganic growth by incorporating products that are in the technological competent domains that need entrepreneurial risk and ability to grow worldwide. We are scouting for various opportunities and getting them back to our land. 2) Make Aartech future ready by getting into those markets which are for tomorrow. Also, we have put 'Make in India' into practice much before it became so widely known.

Our efforts are towards developing our presence in UK and US for different applications and services.

Succession Planning

We believe sound succession planning is imperative for the sustainability of organizations. As leaders, we need to constantly focus on it to have the baton passed on. For this, we have created a senior executive management team and middle executive management team for a successful leadership team to be developed. I take this opportunity to thank all my senior leaders of the organization, all executives and operators and their respective families who are supporting to achieve the mission set by the CMD.