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Mission



Aarti Drugs Limited will seek global market leadership

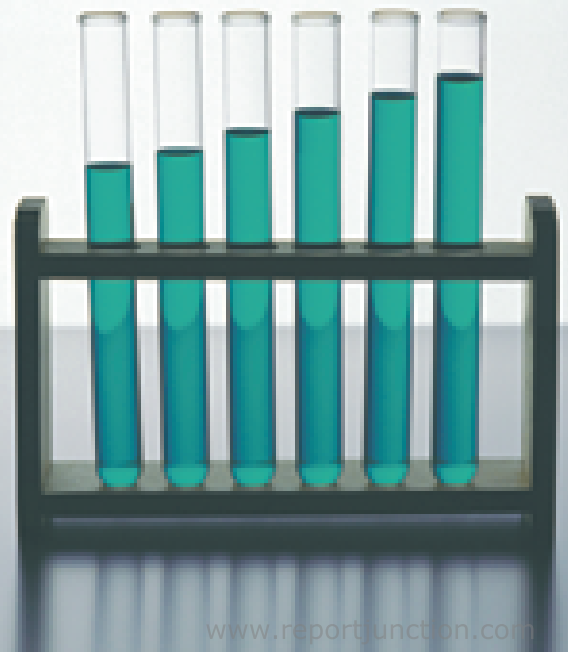
Development and growth in the product will be our focus

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

Satish P. Nachane

Managing Director & CEO (upto 30th July, 2007)

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

Dr. Vilas G. Gaikar

Bhavesh R. Vora

Sunil M. Dedhia

Compliance Officer

Dilip Maharana, Asst. Company Secretary (w.e.f. 1st April, 2008)

Nilesh N. Pingale, Company Secretary (up to 31st March, 2008)

Auditors

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

Solicitors

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

Registrar & Transfer Agent

Sharepro Services (India) Pvt. Ltd.
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai - 400 099.

Bankers

Union Bank of India
Bank of Baroda
Bank of India
State Bank of India
Citibank N.A.
Corporation Bank
Standard Chartered Bank
DBS Bank Limited
ING Vysya Bank Limited

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. 109-D
Road No. 29, Sion (E),
Mumbai - 400 022.

Plants

Plot Nos. N-198, G-60, E-120,
K-40, K-41, 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.

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Financial Highlights

(Rupees in Lakhs)

Particulars	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08
Sales	23,770.47	26,527.27	27,900.01	31,330.26	33,584.79
Profit Before Interest and Depreciation	2,663.72	3,362.00	3,144.38	3,449.75	3,930.01
Interest	385.82	586.08	841.68	986.30	1,183.81
Depreciation	572.23	714.70	791.80	861.72	962.93
Profit Before Tax	1,705.67	2,061.22	1,510.90	1,601.73	1,783.27
Profit After Tax	1,207.67	1,406.22	1,272.86	1,276.98	1,307.32
Dividend (%)	30	30	15	12	18
Payout	351.26	351.26	175.62	140.50	210.75
Equity Capital	1,170.86	1,170.86	1,170.86	1,170.86	1,170.86
Reserves & Surplus	5,477.57	6,486.07	7,556.89	8,673.66	9,734.41
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	10,901.54
Borrowings					
Long Term	3,081.23	4,680.16	3,094.12	4,263.63	4,795.06
Short-Term-Bank	5,368.61	4,524.31	6,701.47	7,493.42	7,070.50
Short-Term-Others	2,231.35	4,923.25	8,413.26	7,499.31	8,651.20
Total Borrowings	10,681.19	14,127.72	18,208.85	19,256.36	20,516.76
Gross Block	11,787.22	15,037.17	20,059.68	21,253.39	23,359.01
Less : Depreciation	3,581.36	4,262.30	5,095.16	6,236.45	7,446.69
Net Block	8,205.86	10,774.87	14,964.52	15,016.94	15,912.33
Capital Work-In-Progress	617.92	2,260.06	Nil	1,375.20	1,466.90
Investments	31.44	145.70	2,040.49	2,134.85	3,352.82
Current Assets, Loans and Advances	14,925.62	15,131.79	17,098.48	17,231.02	18,767.55
Current Liabilities	6,152.53	5,866.42	6,298.15	5,547.41	6,626.63
Net Working Capital	8,773.09	9,265.37	10,800.32	11,683.60	12,140.92
Book Value (Rs.)	52.92	62.50	72.60	83.10	93.11
Earnings per share (Rs.)	10.32	12.01	10.85	10.90	11.17

Notice

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of AARTI DRUGS LIMITED will be held on Saturday, 23rd August, 2008 at 11.30 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 March, 2008 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. Harshit M. Savla, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajendra V. Gogri, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ramdas M. Gandhi, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 310 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 ("the Act") and subject to all such sanctions, if any, as may be necessary, the Company hereby approves, variation in the terms of Remuneration payable to Mr. Prakash M. Patil, Managing Director, Mr. Harshit M. Savla, Joint Managing Director and Mr. Harit P. Shah Wholtime Director of the Company with effect from 1st April, 2008 as detailed in the explanatory statement to this item annexed hereto and that relevant clause in the respective Agreements entered into by the Company with each of the aforesaid Directors shall stand altered accordingly."

Registered Office:

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

By Order of the Board

Sd/-
Harshit M Savla
(Jt.Managing Director)

Place : Mumbai

Date : 13th May, 2008

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 BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business at Item No.7 above 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 16th August, 2008 to 23rd August, 2008 (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. Details required to be given pursuant to Clause 49 of the Listing Agreement pertaining to retiring Directors seeking reappointment furnished in the Report on Corporate Governance included elsewhere in this report.
7. 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) Electronic Clearing Service (ECS) Facility: With respect to payment of dividend, the Company provides the facility of ECS to all shareholders, holding shares in electronic forms, residing in the following cities: Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi and Thiruvananthapuram.

Shareholders holding shares in the physical form who wish to avail ECS facility, may authorise the Company with their ECS mandate in the prescribed form, which is sent alongwith this Annual Report. Requests for payment of Dividend through ECS for the year 2007-2008 should be lodged with M/s Sharepro Services on or before 16th August, 2008.

- (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) Queries on accounts may please be sent to the Company 10 days in advance of the Annual general Meeting so that the answers may be made available at the meeting.

The Company has transferred unclaimed amounts of dividends up to March 31, 2000 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.

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

Item No. 7

Shri. Prakash M. Patil Managing Director (MD) and Shri. Harshit M. Savla, Joint Managing Director (JMD), Shri. Harit P. Shah Wholtime Director (WTD) of the Company are holding their respective offices for a period of five years, with effect from 01.06.2007, in terms of their respective principal agreements dated 11th day of September, 2007 entered into by the Company with each of them.

Based on the recommendation of the Remuneration Committee of the Board of Directors duly approved by a resolution passed at its meeting, the Board of Directors at its meeting held on 13th May, 2008, has revised the commission payable to each of the said Directors with effect from 1st April, 2008 for the remainder of their respective terms as such as set out hereunder subject to the approval of the Company in general meeting. Commission payable to MD/JMD/WTD shall be revised as under:

Commission : In addition to the salary and other perquisites as above, MD/JMD/WTD as aforesaid are entitled to be paid share in aggregate commission calculated at the rate of 2% of net profit of the Company computed under Section 349 of the Companies Act, 1956. The share of such commission payable to each of the said Directors shall be determined by the Board of Directors. Such commission shall be payable annually after the annual accounts for the relevant year are adopted by the members of the Company.

All other terms and conditions are unchanged.

The above may also be treated as an abstract of the revised terms of remuneration pursuant to Section 302 of the Companies Act, 1956.

The agreements referred to herein above are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays up to the date of Annual General Meeting.

Your Directors recommend the resolution at Item No.7 of the Notice for your approval.

Shri.Prakash M. Patil, Shri. Harshit M. Savla, Shri. Harit P. Shah are interested in the said resolution pertaining to variation of terms of remuneration payable to each of them. None of the other Directors is, in any way, concerned or interested in the said resolution.

Registered Office :

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

By Order of The Board

Sd/-

Harshit M. Savla
Jt.Managing Director

Place : Mumbai

Date : 13th May,2008.





DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 23rd Annual Report on the business and operations of the Company together with the audited statements of accounts along with the Report of the Auditors for the year ended 31st March, 2008.

FINANCIAL RESULTS

	(Rupees in Lakhs)	
	2007-2008	2006-2007
Gross Sales/ Income from Operations	33,585	31,330
Less: Excise Duty & Sales Tax	2,512	3,079
Net Sales/Income from operations	31,073	28,251
Less: (Increase) / Decrease in Stock-in-Trade	(924)	629
Consumption of Raw Materials	22,151	18,802
Staff Cost	980	809
Other Expenditure	5,119	4,615
Total Expenditure	27,326	24,855
Operating Profit Before Interest, Depreciation & Tax	3,747	3,396
Add: Non-operating Income	184	53
Profit before Interest, Depreciation & Tax	3,931	3,449
Less: Interest (including premium on FCCBs redemption).	1,184	986
Depreciation & Amortization	964	862
Profit Before Tax & Extraordinary Items	1,783	1,601
Less: Provision for taxation - Current	246	196
- Deferred	230	129
Profit After Tax	1,307	1,276
Add: Surplus brought forward	7,645	6,560
Profit available for appropriation	8,952	7,836
Appropriations:		
Transfer to General Reserve	98	32
Interim Dividend (12%)	Nil	140
Proposed Dividend (18%)	211	Nil
Tax on Dividend	36	19
Balance carried to Balance Sheet	8,607	7,645

DIVIDEND:

Your Directors have recommended Dividend of Rs.1.80 ps @ 18% per share for the year ended 31st March, 2008 (Previous year : 12%).

Total cash outflow on account of dividend payment including dividend tax will be Rs.246.57 lakhs for the financial year 2007-08 (Previous year : Rs. 160.21 lakhs).

OPERATIONS REVIEW:

During the year under review, the Company has achieved Sales Turnover of Rs. 33,585 lakhs (Previous Year: Rs. 31,330 lakhs) registering a growth of 7.20%.

The Company has achieved Export Turnover of Rs.12,754/- Lakhs as against Rs.11,028/- Lakhs for the corresponding period last year, registering a growth of 15.65%.

Operating Profit before Interest, Depreciation & Tax has been Rs. 3,747 lakhs (Previous Year Rs. 3,396 lakhs) registering a growth of 10.34%.

Profit After Tax has been Rs.1,307 lakhs (Previous Year: Rs.1,276 lakhs) registering a growth of 2.43%.

Premium on redemption of FCCBs, rising crude oil price affecting raw materials costs, power & fuel costs and appreciation of Rupees Vs. Dollar affected the growth in the Profitability of the Company.

TERM LOANS & FCCBs

Your Company has raised Long Term Loans of Rs. 3000 Lakhs out of which disbursement of Rs. 2000 Lakhs has been availed of during the year under review. The funds were utilized to meet capital expenditure & for approved purposes. Further, Foreign Currency Convertible Bonds (FCCBs) amounting to USD 12.75 millions were redeemed on 7th April, 2008 upon maturity along with interest and redemption premium.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required u/s. 217 (2AA) of the Companies Act, 1956, your Directors hereby state that -

- (i) in the preparation of the Annual Accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared Annual Accounts on going concern basis.

SUBSIDIARY COMPANY:

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts along with the report of the Board of Directors of Suyash Laboratories Limited and Auditors' Report thereon for the year ended 31st March, 2008, are attached.

CONSOLIDATED STATEMENTS OF ACCOUNTS:

The Audited consolidated Accounts and Cash Flow statement, comprising of the Company and its subsidiary Suyash Laboratories Limited form part of this Report. The Consolidated accounts have been prepared in accordance with Accounting Standards (AS-21), on Consolidated Financial Statements issued by Institute of Chartered accountants of India.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Harshit M. Savla, Mr. Rajendra V. Gogri, Mr. Ramdas M. Gandhi retire by rotation and being eligible, offer themselves for re-appointment. Mr. Satish P. Nachane resigned as MD and CEO of the Company w.e.f. 30/07/2008.

CORPORATE GOVERNANCE:

Report on Corporate Governance compliance is included as a part of the Annual Report along with the Auditors' Certificate.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis Report as required under the Listing Agreement is annexed hereto forming part of this Report.

DISCLOSURE OF PARTICULARS:

As required by the Provision of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, as amended up-to-date, the names and the other particulars of the Employees are set out in the Annexure to the Directors' Report. However, as per the Provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Reports and Accounts are being sent to all the Shareholders of the Company excluding the aforesaid information. Any Shareholder interested in obtaining such particulars may write to the Asst. Company Secretary at the Registered Office of the Company.



Particulars required u/s. 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, research & development, technology absorption, foreign exchange earnings and outgo are given in the annexure to this Report.

AUDITORS:

M/s. Parikh Joshi & Kothare, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. Members are requested to appoint Auditors and to fix their remuneration.

COST AUDIT:

The Cost Audit Report relating to Bulk Drugs manufactured by the Company will be submitted with Central Government in due course. The Board of Directors have appointed Mr. Girish S. Maniar, Cost Accountant, for conduct of the cost audit for the year ended 31st March, 2009, subject to approval of the Central Government.

HUMAN RESOURCES:

ADL recognizes its human resources as one of its prime & critical resources. The relations between the Management and the Staff Members remained very cordial and satisfactory throughout the year under review.

ACKNOWLEDGEMENT:

We place on record our sincere appreciation to the employees of the Company at all levels for their co-operation and dedicated service. We also thank all our associated customers and suppliers who are always co-operative.

We also express our sincere thanks to Bankers, Financial Institutions and the Shareholders for their continued support to the Company.

By Order of the Board

Sd/-

Chandrakant V. Gogri

Chairman

Place: Mumbai

Date: 13th May, 2008.

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