

SAVE THE EARTH
GO GREEN



Aarti Drugs Ltd.

annual report 2010-2011





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 World.
-

Corporate Information

Board of Directors

Chandrakant V. Gogri
Chairman

Prakash M. Patil
Managing Director & CEO

Harshit M. Savla
Jt. Managing Director & CFO

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

Rajendra V. Gogri
Non-Executive Director

Independent Directors
Ramdas M. Gandhi
Bhavesh R. Vora
Prof. Krishnacharya G. Akamanchi
Dr. Vilas G. Gaikar
Sunil M. Dedhia
Navin C. Shah

Company Secretary
Sunny Pagare (w.e.f. 21st February, 2011)
Dilip Maharana (upto 8th November, 2010)

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

Bankers:
Bank of Baroda
Union Bank of India
State Bank of India
The Bank of Nova Scotia
Standard Chartered Bank
DBS Bank Ltd.
IDBI Bank Ltd.
Citi Bank N.A.
HSBC

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

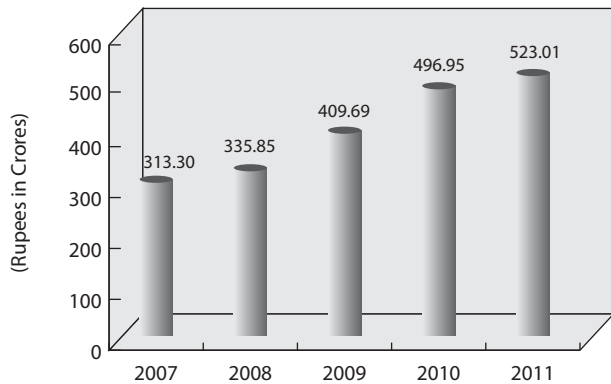
Contents

Corporate Information	[1]
Financial Highlights	[2]
Notice.....	[4]
Directors' Report	[9]
Management Discussion & Analysis	[12]
Report on Corporate Governance	[20]
Auditors' Report	[29]
Balance Sheet	[32]
Profit & Loss Account	[33]
Schedules	[34]
Notes Forming Part of Accounts	[40]
Balance Sheet Abstract	[48]
Cash Flow Statement.....	[49]
Statement of Interest in Subsidiaries	[50]
Auditors' Report on Consolidated Accounts.....	[53]
Consolidated Financial Statements	[54]
Details of Subsidiary Company	[65]
Request for e-mail ID Form	[67]
Proxy Form and Attendance Slip	

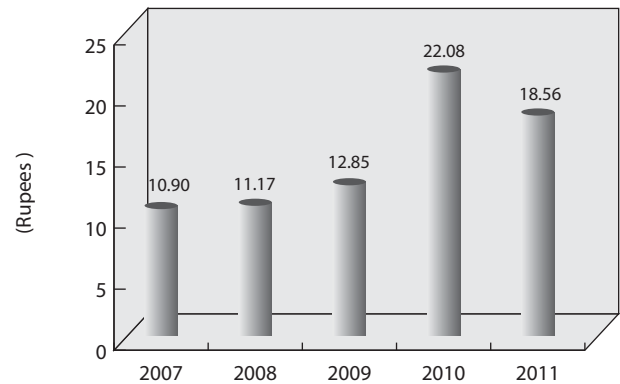
Aarti Drugs Limited

Particulars	Financial Year Ended on										(₹ in Lakhs)
	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11			
Sales	23,770.47	26,527.27	27,900.01	31,330.26	33,584.79	40,968.87	49,694.87	52,301.38			
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	6,043.13			
Interest	385.82	586.08	841.68	986.3	1,183.81	2,271.69	1,474.45	1,347.80			
Depreciation	572.23	714.7	791.8	861.72	962.93	1,103.92	1,351.75	1,548.05			
Profit before tax	1,705.67	2,061.22	1,510.90	1,601.73	1,783.27	2,314.75	4,381.79	3,147.29			
Profit after tax	1,207.67	1,406.22	1,272.86	1,276.98	1,307.32	1,504.75	2,609.79	2,247.29			
Dividend (%)	30	30	15	12	18	30	50	50			
Payout	351.26	351.26	175.62	140.5	210.75	351.26	605.43	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	1,210.86			
Reserves & Surplus	5,477.57	6,486.07	7,556.89	8,673.66	9,734.41	10,827.49	12,898.30	14,440.78			
Less : Miscellaneous Expenditure	451.97	339.32	226.92	114.93	3.72	—	—	—			
Networth	6,196.46	7,317.61	8,500.83	9,729.59	10,901.54	11,998.35	14,109.16	15,651.63			
Borrowings											
Long Term	3,081.23	4,680.16	3,094.12	4,263.63	4,795.06	7,204.25	7,818.18	9,662.42			
Short-Term-Bank	5,368.61	4,524.31	6,701.47	7,493.42	7,070.5	8,070.95	6,047.94	9,555.74			
Short-Term-Others	2,231.35	4,923.25	8,413.26	7,499.31	8,651.2	2,572.65	3,898.38	5,531.30			
Total Borrowings	10,681.19	14,127.72	18,208.85	19,256.36	20,516.76	17,847.85	17,764.50	24,749.46			
Gross Block	11,787.22	15,037.17	20,059.68	21,253.39	23,359.01	26,725.92	28,748.23	34,579.98			
Less : Depreciation	3,581.36	4,262.30	5,095.16	6,236.45	7,446.69	8,788.25	10,394.66	12,159.02			
Net Block	8,205.86	10,774.87	14,964.52	15,016.94	15,912.33	17,937.66	18,353.57	22,420.96			
Capital work-in-progress	617.92	2,260.06	Nil	1,375.2	1,466.9	64.42	340.35	1,037.47			
Investments	31.44	145.7	2,040.49	2,134.85	3,352.82	2,137.85	2,137.85	2,461.29			
Current Assets, Loans and Advances	14,925.62	15,131.79	17,098.48	17,231.02	18,767.55	18,513.71	20,020.43	25,669.13			
Less: Current Liabilities	6,152.53	5,866.42	6,298.15	5,547.41	6,626.63	7,076.76	6,998.89	8,958.11			
Net Working Capital	8,773.09	9,265.37	10,800.32	11,683.60	12,140.92	11,436.96	13,021.54	16,711.02			
Book Value per share (Rs.)	52.92	62.5	72.6	83.1	93.11	102.47	116.52	129.26			
EPS (Basic & Diluted) (Rs.)	10.32	12.01	10.85	10.9	11.17	12.85	22.08	18.56			

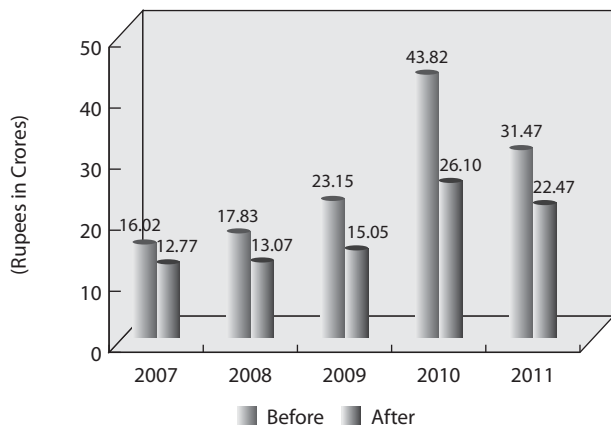
Turnover



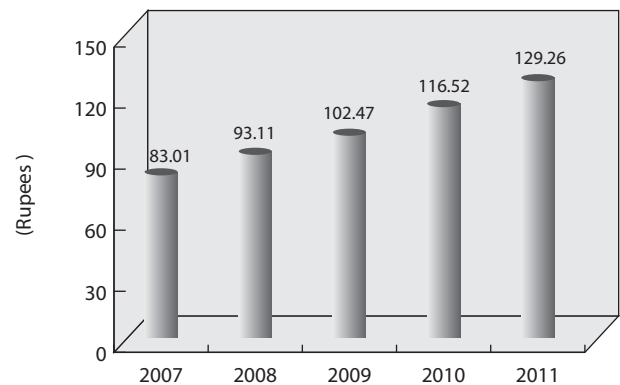
Earning Per Shares



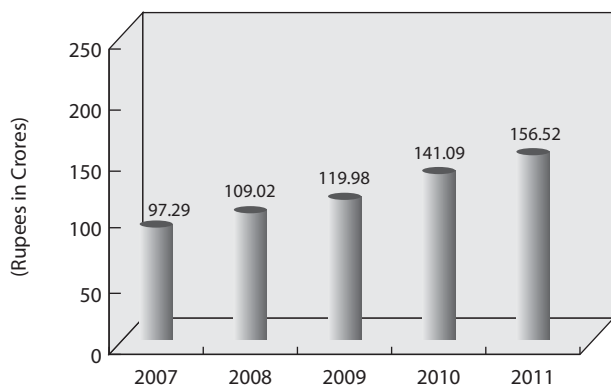
Profit Before & After Tax



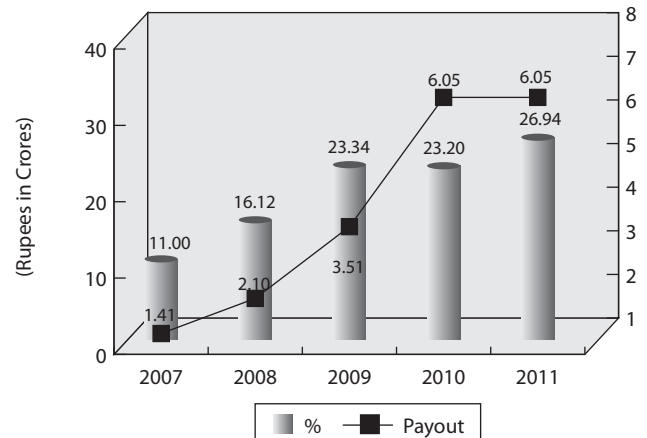
Book Value



Networth



Dividend Payout



Aarti Drugs Limited

NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of AARTI DRUGS LIMITED will be held at TIMA Hall, MIDC Tarapur, Taluka Palghar, Dist.: Thane - 401 506 Maharashtra, on Saturday, the 23rd day of July, 2011, at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 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 a final dividend for the financial year ended 31st March, 2011.
3. To appoint a Director in place of Shri Rajendra V. Gogri, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ramdas M. Gandhi, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Harit P. Shah, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri Krishnacharya G. Akamanchi, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
7. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Shri Navin C. Shah be and is hereby appointed as a Director of the Company.”

Registered Office:

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

Place: Mumbai

Date: 25th May, 2011

By Order of the Board

Sd/-

Sunny Pagare
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY(S) TO ATTEND AND VOTE (ON POLL) INSTEAD OF HIMSELF AND A PROXY(S) NEED NOT BE A MEMBER OF THE COMPANY.
THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business at Item No. 8 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 meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 16th July, 2011 to 23rd July, 2011 (both days inclusive)
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 the AGM.
6. The Members are requested to note:
 - (i) **Change of Address /Bank details:** Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents, 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) Members holding shares in dematerialized form are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code) with their Depository Participants.
 - (iii) Members holding shares in physical form are requested to provide their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code) along with their Folio Number to the Company's Registrars and Transfer Agents(RTA), M/s. Sharepro Services (India) Private Limited.
 - (iv) 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.
 - (v) 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.
 - (vi) In terms of Sections 205A and 205C of the Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the IEPF. Members who have not encashed their final dividend warrants for the year 2003-04 or thereafter, are requested to write to the Company or the RTA. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie with the Company in respect of such amount. The Company has transferred unclaimed amounts of dividends declared for the year 2002-03 and interim dividend for the year 2003-04 to the Investor Education and Protection Fund as required under Sections 205A and 205C of the Companies Act, 1956.

Aarti Drugs Limited

Brief resume of Directors seeking re-election/re-appointment are as under:

Particulars	Shri Rajendra V. Gogri	Shri Ramdas M. Gandhi
Date of birth and age	15.12.1959 (51 years)	14.03.1933 (78 years)
Date of Appointment	28.09.1984	31.12.2005
Qualifications	B.E.-Chemical, UDCT Mumbai / M.S., USA	L.L.M., Solicitor
Experience and expertise in specific functional areas	He has wide experience of over 26 years in Chemical Industry.	He has been in practice for over 50 years and vast experience in the legal field and particularly on the matters relating to corporate laws. He is an Independent Director of the Company.
Directorships held in other (excluding foreign) Companies	Aarti Industries Limited Aarti Healthcare Limited Alchemie Dyechem Pvt. Ltd. Gogri & Sons Investment Pvt. Ltd. Aarti Biotech Limited Anushakti Chemicals & Drugs Ltd. Crystal Millennium Realtors Pvt. Ltd. Edu Plan India Private Limited	Vinyl Chemicals (India) Limited Unichem Laboratories Limited Aarti Industries Limited Pidilite Industries Limited
Membership/Chairmanships of committees across public companies	Audit committee Aarti Industries Ltd. - Member Aarti Healthcare Ltd. - Member Remuneration Committee Aarti Industries Ltd. - Member Aarti Drugs Ltd. - Member Share Transfer Committee Aarti Industries Ltd. - Member Aarti Drugs Ltd. - Member Finance Committee Aarti Industries Ltd. - Member	Audit Committee Vinyl Chemicals (India) Limited - Chairman Unichem Laboratories Limited – Member Aarti Industries Limited – Chairman Aarti Drugs Limited - Chairman Shareholders Grievance Committee Pidilite Industries Limited - Chairman Vinyl Chemicals (India) Limited – Member Unichem Laboratories Limited - Chairman Remuneration Committee Vinyl Chemicals (India) Limited – Member Unichem Laboratories Limited – Member Aarti Industries Limited – Member Aarti Drugs Limited – Member
Number of shares held in the Company	330980	NIL

Annual Report 2010-11

Particulars	Shri Harit P. Shah	Shri Krishnacharya G. Akamanchi	Shri Navin C. Shah
Date of birth and age	12.10.1963 (47 years)	01.04.1953 (58 years)	22.02.1961 (50 years)
Date of Appointment	15.09.1995	20.10.2008	04.11.2010
Qualifications	B.Com	B.SC-(TECH) / B.SC (HONS) / PHD-Technology	B. Com, FCA
Experience and expertise in specific functional areas	He has experience of over 15 years handling commercial functions encompassing Sales, Purchases and Exports. He looks after Local Sales and Export as well.	He presently is a Professor and Head of Department of Pharmaceutical Sciences and Technology, University Institute of Chemical Technology, Mumbai. He has vast experience in handling industrial projects for solving the process chemistry and process technology problems and also development of new technologies. Since 1984 he has been providing consultancy for Process Technology Development, Process Chemistry Development, Project Evaluation, and Diversification into emerging areas to many industries.	He is a Practicing Chartered Accountant, with more than 25 years of experience.
Directorships held in other (excluding foreign) Companies	Suyash Laboratories Limited Aarti Ventures Limited Aarti Corporate Services Limited Radiant Entertainments Private Limited Spark Academy Private Limited	No other directorship	No other directorship
Memberships/ Chairmanships of committees across public companies	None	None	None
Number of shares held in the Company	300991	NIL	NIL

Registered Office:
Plot No.N-198, MIDC,
Tarapur, Village-Pamtembhi,
Taluka-Palghar,
Dist. Thane 401 506.
Place: Mumbai
Date: 25th May, 2011

By order of the Board

Sd/-
Sunny Pagare
Company Secretary

Important Communication to Members:

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate information in the request for e-mail ID Form (refer page 67 of the Annual Report) and register the same with the Company's Registrars and Transfer Agents, M/s. Sharepro Services (India) Private Limited.

Aarti Drugs Limited

Annexure to the Notice

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

Item No. 8

Shri Navin C. Shah, Chartered Accountant with over 25 years experience was appointed as an Independent Director by the Board of Directors on 4th November, 2010 pursuant to Section 262 of the Companies Act, 1956. He holds office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company under section 257 of the Companies Act, 1956, alongwith the requisite amount of deposit.

Your Directors recommend the resolution at Item No. 8 for your approval.

Except Mr. Navin C. Shah, none of the 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.

Place: Mumbai

Date: 25th May, 2011

By Order of the Board

Sd/-

Sunny Pagare
Company Secretary