



**AARTI INDUSTRIES LIMITED**

**The right**

**chemistry**

**for a**

**brighter**

**tomorrow**

**ANNUAL REPORT 2011-2012**





## Vision

To emerge as key source to leading Global consumers of Specialty Chemicals and Intermediates for Dye stuff, Agro, Polymers, Pharma & Surfactants.



## Mission

- To constantly strive to set up and maintain global size plant facilities
- To become customer-driven Company by providing customized solutions and service to meet changing customer requirements.
- To maintain consistent quality and timely delivery at competitive prices.
- To use best cost effective manufacturing methods supported by proven, eco-friendly and safe technologies.
- Commitment to growth by Research & new product development and progressive increase in Exports
- Continuous focus on people to encourage and nurture winning organizational culture.
- To meet the challenges of competition by dynamic management drive.

## Corporate Information

### Board of Directors

**Chandrakant V. Gogri**  
Chairman

**Rajendra V. Gogri**  
Vice Chairman & Managing Director

**Shantilal T. Shah**  
Vice Chairman

### Independent Directors

**Ramdas M. Gandhi**

**Laxmichand K. Jain**

**Vijay H. Patil**

**Haresh K. Chheda**

**K.V.S. Shyam Sunder**

**P. A. Sethi**

**Bhavesh R. Vora**

**Sunil M. Dedhia**

### Whole-time Directors

**Parimal H. Desai**

**Manoj M. Chheda**

**Rashesh C. Gogri**

**Hetal Gogri Gala**

**Kirit R. Mehta**

### Company Secretary

**Mona Patel**

### Auditors

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

### Registrar & Transfer Agent

**M/s. Sharepro Services (India) Pvt. Ltd.**

Samhita Warehousing Complex,  
Gala No. - 52 to 56, Bldg. No.13 A-B,  
Near Sakinaka Telephone Exchange,  
Andheri - Kurla Road,  
Sakinaka, Mumbai - 400 072  
Telephone - 022-67720300/67720400  
Fax No. - 022-28591568

### Bankers

Bank of Baroda  
Union Bank of India  
State Bank of India  
DBS Bank Ltd.  
Standard Chartered Bank  
HDFC Bank Ltd.  
Export-Import Bank of India  
IDBI Bank Ltd.  
Citi Bank N.A.  
Axis Bank Ltd.

### Corporate Information

### Registered Office

Plot Nos. 801, 801/23, GIDC Estate, Phase III,  
Vapi - 396 195, Dist. Valsad, Gujarat.

### Corporate Office

Udyog Kshetra, 2nd Floor,  
Mulund-Goregaon Link Road,  
L. B. S. Marg, Mulund (West),  
Mumbai - 400 080.  
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## Consolidated Financial Highlights

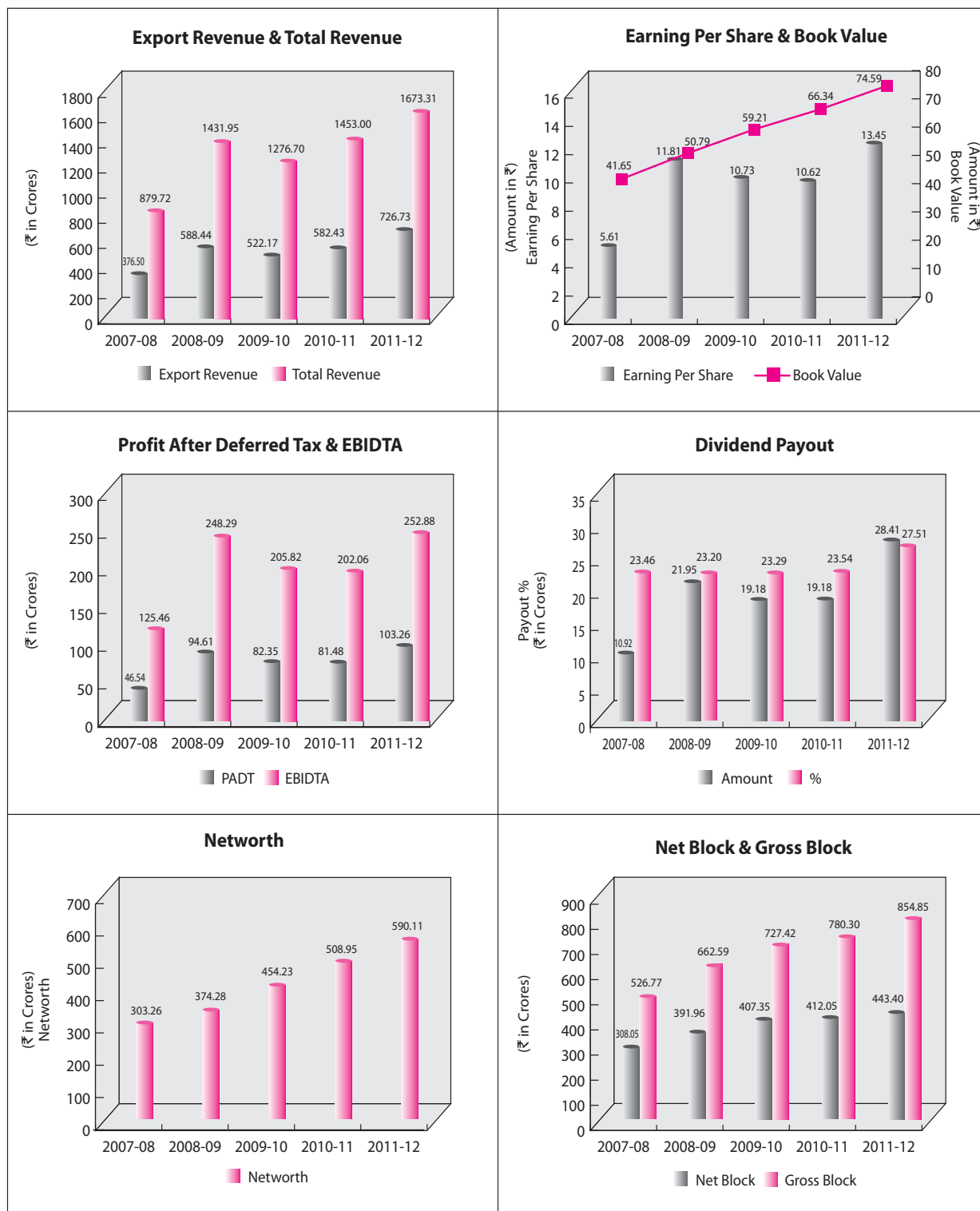
(₹ in Lakhs)

Particulars	Financial Year Ended on					
	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
<b>Income from Operations</b>	<b>167,331</b>	<b>145,300</b>	<b>127,670</b>	<b>143,195</b>	<b>87,972</b>	<b>70,071</b>
EBIDTA	<b>25,288</b>	20,206	20,582	24,829	12,546	8,976
Interest	<b>7,184</b>	5,621	5,199	8,949	3,891	2,906
Depreciation	<b>5,485</b>	4,981	4,707	4,013	2,860	2,677
<b>Profit before tax</b>	<b>12,619</b>	<b>9,604</b>	<b>10,676</b>	<b>11,867</b>	<b>5,796</b>	<b>3,394</b>
Share of Profit from Associates	<b>1,431</b>	1,544	1,397	1,309	670	498
<b>Consolidated Profit after tax ( &amp; Deferred tax)</b>	<b>10,326</b>	<b>8,148</b>	<b>8,235</b>	<b>9,461</b>	<b>4,654</b>	<b>2,997</b>
<b>Dividend %</b>	<b>70</b>	<b>50</b>	<b>50</b>	<b>60</b>	<b>30</b>	<b>16</b>
Pay out	<b>2,841</b>	1,918	1,918	2,195	1,092	582
Per Share Dividend (in ₹)	<b>3.50</b>	2.50	2.50	3.00	1.50	0.80
Equity Capital	<b>3,956*</b>	3,836	3,836*	3,685	3,640	3,640
Reserve & Surplus	<b>55,055</b>	46,711	41,608	33,682	26,782	23,557
<b>Networth</b>	<b>59,011</b>	<b>50,895</b>	<b>45,423</b>	<b>37,428</b>	<b>30,326</b>	<b>27,256</b>
<b>Borrowings (Long term &amp; Short term)</b>	<b>58,824</b>	<b>49,462</b>	<b>39,418</b>	<b>44,044</b>	<b>38,774</b>	<b>30,216</b>
Gross Block	<b>85,485</b>	78,030	72,742	66,259	52,677	49,106
Less: Depreciation	<b>41,145</b>	36,825	32,007	27,063	21,872	18,549
<b>Net Block (Fixed Assets)</b>	<b>44,340</b>	<b>41,205</b>	<b>40,735</b>	<b>39,196</b>	<b>30,805</b>	<b>30,557</b>
Capital work-in-progress	<b>5,442</b>	1,845	915	883	3,331	1,704
Investments	<b>9,357</b>	7,642	5,436	4,055	3,147	2,563
Working Capital Assets	<b>106,843</b>	88,794	74,351	64,204	56,296	43,606
Less: Working Capital Liabilities	<b>42,260</b>	33,193	31,054	22,836	21,185	18,369
<b>Net Working Capital</b>	<b>64,583</b>	<b>55,601</b>	<b>43,297</b>	<b>41,368</b>	<b>35,111</b>	<b>25,237</b>
<b>Face Value per share (₹)</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>Book Value per share (₹)</b>	<b>74.59</b>	<b>66.34</b>	<b>59.21</b>	<b>50.79</b>	<b>41.65</b>	<b>37.43</b>
<b>EPS (Basic &amp; Diluted) (₹)</b>	<b>13.45*</b>	<b>10.62</b>	<b>10.73*</b>	<b>11.81</b>	<b>5.61</b>	<b>3.47</b>

Figures have been regrouped and restated in compliance with the revised reporting requirements.

\* Based on increased equity post conversion of Preferential warrants

## Consolidated Financial Highlights





## AARTI INDUSTRIES LIMITED

### NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of AARTI INDUSTRIES LIMITED will be held at the Registered Office of the Company at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi - 396195, Dist. Valsad, Gujarat, on Monday, the 13<sup>th</sup> day of August, 2012, at 11.00 a.m. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2012 and the Statement of Profit and Loss 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 31<sup>st</sup> March, 2012.
3. To appoint a Director in place of Shri Sunil M. Dedhia, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Manoj M. Chheda, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Kirit R. Mehta, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri Laxmichand K. Jain, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Shri Vijay H. Patil, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
8. To appoint Auditors and fix their remuneration.

#### SPECIAL BUSINESS:

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 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 Shri Rajendra V. Gogri, Vice Chairman & Managing Director, Shri Parimal H. Desai, Shri Manoj M. Chheda, Shri Rashesh C. Gogri and Smt. Hetal Gogri Gala, Whole-time Directors of the Company with effect from 1<sup>st</sup> April, 2012 as set out in the draft Supplemental Agreement(s) proposed to be entered into by the Company with each one of the said Directors and submitted to this meeting duly initialled by the Chairman for the purpose of identification, which Supplemental Agreement(s) are hereby specifically sanctioned.

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

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 Sections 198, 269, 309 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 ("the Act"), the Company hereby approves the appointment and terms of remuneration of Shri Rashesh C. Gogri, as the Whole-time Director of the Company, for a period of five years, with effect



from 9<sup>th</sup> June, 2012 and to be re-designated as the Managing Director with effect from 16<sup>th</sup> August, 2012, upon the terms and conditions set out in the draft Agreement to be entered into by the Company with him and submitted to this meeting, duly initialled by the Chairman for the purpose of the identification, which Agreement 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 XIII 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 be and is hereby authorised 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 Sections 198, 269, 309 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 ("the Act"), the Company hereby approves the appointment and terms of remuneration of Shri Renil R. Gogri as the Whole-time Director of the Company for a period of five years with effect from 16<sup>th</sup> August, 2012 upon the terms and conditions set out in the draft Agreement to be entered into by the Company with him and submitted to this meeting, duly initialled by the Chairman for the purpose of the identification, which Agreement 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 XIII of the Act and as may be agreed between the Board of Directors and Shri Renil R. Gogri.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised 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 Section 314 and other applicable provisions, if any, of the Act and subject to the approval of the Central Government, if and when necessary, consent of the Company be and is hereby accorded to Shri Nikhil P. Desai, to hold and continue to hold an Office of Profit as General Manager - Business Development of the Company, from 1<sup>st</sup> September, 2012 on the terms and conditions including remuneration as set out in the draft letter of appointment to be issued by the Company to him and submitted to this meeting duly initialled by the Chairman for the purpose of identification, which is hereby specifically sanctioned, with power to the Chairman & Managing Director to alter and vary the terms of appointment subject to limit prescribed under the relevant rules prescribed under Section 314 of the Act and/or approval of the Central Government, as the case may be.

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

Registered Office:  
Plot Nos. 801, 801/23,  
GIDC Estate, Phase III,  
Vapi-396195,  
Dist. Valsad, Gujarat

Place: Mumbai  
Date: 25<sup>th</sup> May, 2012

By order of the Board

Sd/-  
**MONA PATEL**  
Company Secretary



## AARTI INDUSTRIES LIMITED

### 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. 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 Nos. 9 to 12 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 authorising 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 6<sup>th</sup> August, 2012 to 13<sup>th</sup> August, 2012 (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 dematerialised 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 dematerialised 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) The Company has transferred unclaimed amounts of Final dividend for the year 2003-04, 1<sup>st</sup> Interim dividend for the year 2004-05 and of 2<sup>nd</sup> Interim Dividend declared for the year 2004-05 to the Investor Education and Protection Fund as required under Sections 205A and 205C of the Companies Act, 1956.



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

Particulars	Shri. Sunil M. Dedhia	Shri Manoj M. Chheda	Shri Kirit R. Mehta
Date of birth and age	20.06.1965 (47 years)	23.10.1962 (50 years)	02.08.1948 (64 years)
Appointed on	30.07.2009	25.11.1993	18.09.2000
Qualifications	B. Com., A.C.A., F.C.S.	B. Com	B. Com.
Experience and expertise in specific functional areas	He is Practising as Company Secretary since 1993 and has over 23 years of experience in the field of Corporate Laws.	He has wide experience of over 25 years in purchase and marketing of Chemicals. He is a Whole-time Director of the Company since November 1993.	He has wide experience in dealing with various Government authorities at Vapi, Sarigam and Jhagadia at Gujarat and Tarapur in Maharashtra where Company's manufacturing units are located. He was the President of Federation of Industries Association Gujarat, Executive member of Gujarat Chamber of Commerce and Industries and also the President of Sarigam Industries Association and the President of Vapi Industries Association.
Directorships held in other (excluding foreign) Companies	Aarti Drugs Limited	No other Directorship	Anushakti Chemicals and Drugs Ltd. Amrey Enterprises Pvt. Ltd. Anushakti Holdings Ltd.
Memberships/Chairmanships of committees across public companies	<b>None</b>	<b>Share Holders Grievance Committee:</b> Aarti Industries Limited - Member <b>Finance Committee:</b> Aarti Industries Limited - Member <b>Audit Committee:</b> Aarti Industries Limited -Member	<b>Share Holders Grievance Committee:</b> Aarti Industries Limited - Member <b>Finance Committee:</b> Aarti Industries Limited - Member <b>Audit Committee:</b> Anushakti Holdings Ltd.- Chairman
Number of shares held in the Company	NIL	787753	600

Particulars	Shri Laxmichand K. Jain	Shri Vijay H. Patil
Date of birth and age	02.03.1941 (71 years)	15.07.1937 (75 years)
Appointed on	29.01.1990	29.01.1990
Qualifications	MS (Chem.) US	L.L.M.
Experience and expertise in specific functional areas	He is an Environmental Expert with over 45 years of experience in the industry. He is an Independent Director of the Company.	He is an advocate of Supreme Court and expert in taxation matters with 48 years experience in legal and taxation matters.
Directorships held in other (excluding foreign Companies)	No other Directorship	No other Directorship
Memberships/Chairmanships of committees across public companies	<b>Audit Committee:</b> Aarti Industries Limited - Member <b>Remuneration Committee:</b> Aarti Industries Limited - Member	<b>Audit Committee:</b> Aarti Industries Limited - Member <b>Remuneration Committee:</b> Aarti Industries Limited - Member
Number of shares held in the Company	13350	7200



## AARTI INDUSTRIES LIMITED

### Brief resume of Directors seeking appointment are as under:

Particulars	Shri Rashesh C. Gogri	Shri Renil R. Gogri
Date of birth and age	03.06.1974 (38 years)	14.04.1987 (25 years)
Effective date of Appointment	16.08.2012	16.08.2012
Qualifications	Industrial Engineer and holds Diploma in Business Management	B.E. (IIT MUMBAI), 2008
Experience and expertise in specific functional areas	He has been Executive Director with the Company for more than 15 years and has more than 17 years of experience in Marketing and Finance. He has handled Strategic business units of the Company & has been playing the crucial role in Pharma operations of the Company. He has been responsible for implementation of SAP and has taken significant steps in automation of various internal MIS & administration related processes.	He has worked as a Whole-time Director with an Associate Company, namely, Anushakti Chemicals and Drugs Ltd. since April, 2010. He is presently handling portfolio of IT, process Automation, project implementation and other production related activities of the Company. He has previously worked with Deutsche Bank for the period of 6 months.
Directorships held in other (excluding foreign) Companies	Alchemie Leasing and Financing Pvt. Ltd. Gogri and Sons Investments Pvt. Ltd. Ganesh Polychem Ltd. Crystal Millennium Realtors Pvt. Ltd. Alchemie Dye Chem Pvt. Ltd. Anushakti Chemicals and Drugs Ltd. Aakansha Pharmachem Pvt. Ltd. Jhagadia Enterprises Pvt. Ltd. Dhaval Realtors (India) Pvt. Ltd. Anushakti Holdings Ltd. Spark Academy Pvt. Ltd.	Alchemie Leasing and Financing Pvt. Ltd. Anushakti Holdings Ltd. Spark Academy Pvt. Ltd. Nascent Chemical Industries Ltd. Anushakti Chemicals and Drugs Ltd.
Memberships/Chairmanships of committees across public companies	<b>Share Transfer Committee:</b> Aarti Industries Limited - Member <b>Finance Committee:</b> Aarti Industries Limited - Member <b>Audit Committee:</b> Anushakti Chemicals and Drugs Limited - Member	None
Number of shares held in the Company	3501958	1790042

Registered Office:  
Plot Nos. 801, 801/23,  
GIDC Estate, Phase III,  
Vapi-396195,  
Dist. Valsad, Gujarat

Place: Mumbai  
Date: 25<sup>th</sup> May, 2012

By order of the Board

Sd/-  
**MONA PATEL**  
Company Secretary