



# AARTI INDUSTRIES LIMITED

Right chemistry for brighter tomorrow



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# *Mission*

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- \* 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 & 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.

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# *Vision*

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

## 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  
Bhaves R. Vora  
Sunil M. Dedhia

### Whole-time Directors:

Parimal H. Desai  
Manoj M. Chheda  
Rashesh C. Gogri  
Hetel 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 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/ 022-67720400  
Fax No. - 022-28591568

### Bankers:

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

### Registered Office

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

### Corporate Office

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

(Rupees in Lakhs)

Particulars	Financial Year Ended on							
	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007	31/03/2008	31/03/2009	31/03/2010
<b>Total income</b>	<b>47432.01</b>	<b>51159.01</b>	<b>68805.76</b>	<b>79095.6</b>	<b>76412</b>	<b>96049</b>	<b>153804.05</b>	<b>133956.19</b>
Gross profit (EBIDT)	7170.98	7643.99	9183.19	11420.3	8928.9	11950.44	24208.51	20393.08
Interest	1377.6	946.01	1354.32	2040.04	2888.4	3882.89	8936.32	5171.31
Depreciation	1168.27	1691.82	2006.19	2218.69	2563.4	2749.61	3871.07	4474.91
Extra - ordinary loss	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Profit before tax</b>	<b>4105.04</b>	<b>5006.16</b>	<b>5822.68</b>	<b>7161.57</b>	<b>3477.09</b>	<b>5317.93</b>	<b>11401.12</b>	<b>10746.86</b>
<b>Profit after tax (&amp; Deferred tax)</b>	<b>2955.78</b>	<b>3576.68</b>	<b>4425.3</b>	<b>4906.44</b>	<b>2621</b>	<b>3667.08</b>	<b>8446.32</b>	<b>7010.75</b>
Dividend %	65	75	101 \$	39	16	30	60	50
Pay out	788.77	910.12	1225.63	1420	582.47	1092.14	2194.91	1918.00
Per Share Dividend (in Rs.)	6.5	7.5	8.7	2.8	0.8	1.5	3	2.50
Equity Capital	1213.49	1213.49	3640.47	3640.47	3640.47	3640.47	3684.75	3836.00**
Reserve & Surplus	13333.68	16090.52	16938.52	20040.85	22029.41	24606.3	30345.01	36030.39
<b>Networth</b>	<b>14456.36</b>	<b>17228.65</b>	<b>20395.38</b>	<b>23528.73</b>	<b>25545.9</b>	<b>28123.8</b>	<b>34091.58</b>	<b>39846.04</b>
<b>Total Borrowings</b>	<b>15378.6</b>	<b>20418.75</b>	<b>22491.24</b>	<b>30041.62</b>	<b>33744.59</b>	<b>42930.71</b>	<b>48257.41</b>	<b>43648.36</b>
Gross Block	22606.79	27858.39	31102.58	37721.52	45110.41	48403.24	62206.76	68172.04
Less: Depreciation	8921.31	10504.61	12488.09	14768.02	17376.69	20375.67	25530.65	30005.56
<b>Net Block (Fixed Assets)</b>	<b>13685.48</b>	<b>17353.77</b>	<b>18614.49</b>	<b>22953.5</b>	<b>27733.71</b>	<b>28027.57</b>	<b>36676.11</b>	<b>38166.48</b>
Capital work-in-progress	351.73	201.72	1862.28	2797.52	1797.64	3396.87	854.76	914.50
Investments	1754.14	813.25	2433.11	2474.21	2606.65	2618.48	1527.79	1525.12
Current Assets	21169.93	26527.28	33576.88	42825.12	44949.99	56858.64	64983.71	75357.19
Less: Current Liabilities	5833.24	5576.06	11629.72	14693.37	14530.52	15879.97	17172.65	27358.16
<b>Net Working Capital</b>	<b>15336.69</b>	<b>20951.22</b>	<b>21947.16</b>	<b>28131.75</b>	<b>30609</b>	<b>40978.66</b>	<b>47811.06</b>	<b>47999.03</b>
<b>Face Value per share (Rs.)</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Book Value per share (Rs.)</b>	<b>119.13</b>	<b>141.97</b>	<b>56.03</b>	<b>32.32</b>	<b>35.08</b>	<b>38.63</b>	<b>46.26</b>	<b>51.94</b>
<b>EPS (Basic &amp; Diluted) (Rs.)</b>	<b>24.39</b>	<b>30.02</b>	<b>12.78 *</b>	<b>6.74 #</b>	<b>3.6</b>	<b>5.04</b>	<b>11.46</b>	<b>9.14**</b>
Bonus Shares (Ratio)	Nil	Nil	2:01	Nil	Nil	Nil	Nil	Nil

## Consolidated Financial Highlights

Particulars	Financial Year Ended on							
	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007	31/03/2008	31/03/2009	31/03/2010
Consolidated Sales	49688.2	54731.43	71016	80634.56	76558.31	96212.96	155225.29	135134.77
Consolidated Profit after Tax (& Deferred Tax)	2570.55	4180.86	4792.77	5532.13	2529.71	4086.94	8706.64	6848.61
Consolidated EPS (Basic & Diluted) (Rs.)	20.5	34.37	13.17 *	7.60 #	3.47	5.61	11.81	10.73**

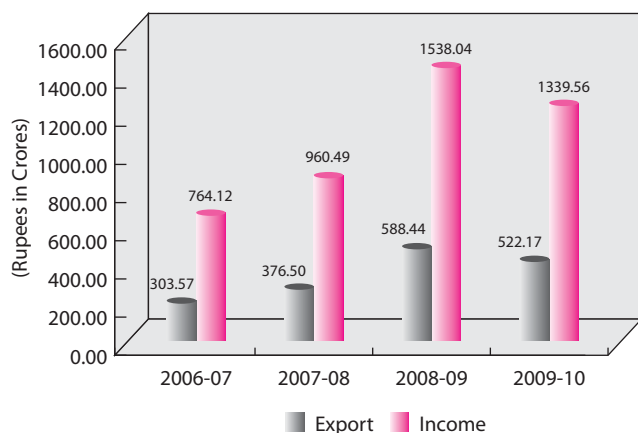
\* Refers to post bonus value.

# Refers to post bonus &amp; post split of shares into face value of Rs. 5/- each.

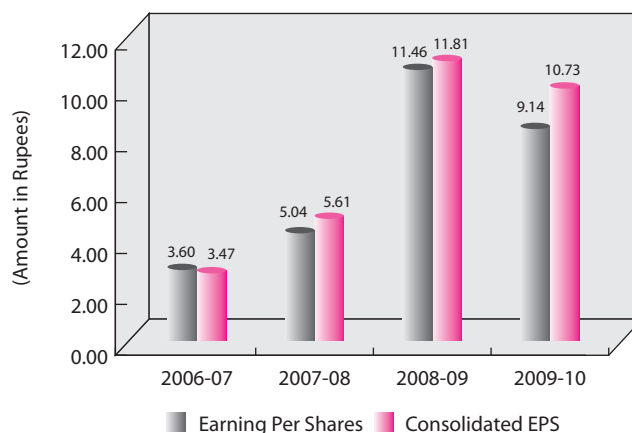
\$ Dividend % is based on pre bonus equity of 12.13 crores.

\*\* Refers to post conversion of preferential warrants.

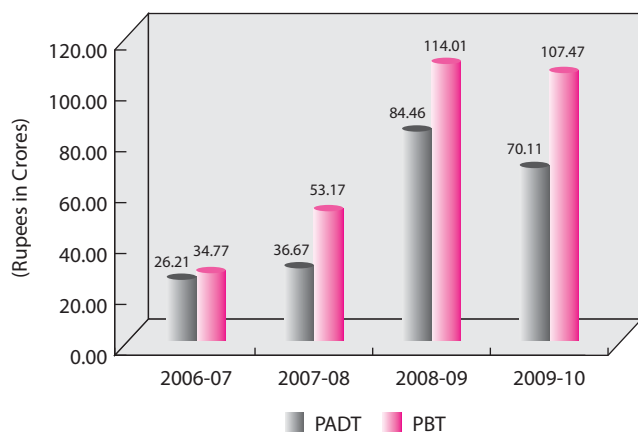
Export & Total Income



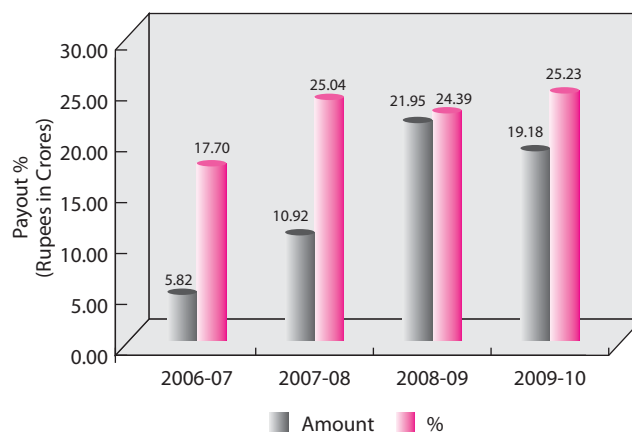
Earning Per Share & Consolidated EPS



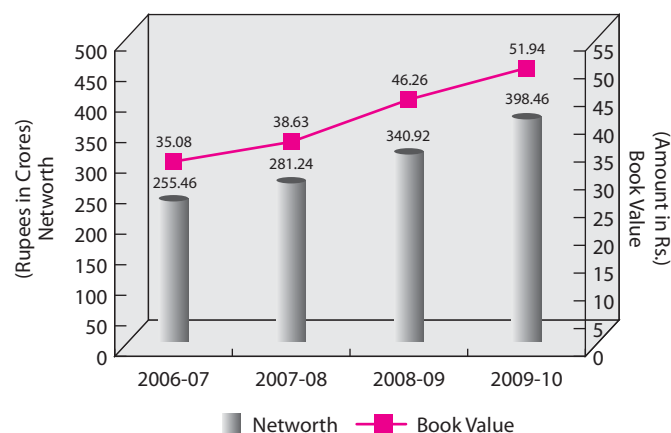
Profit After Deferred Tax & Profit Before Tax



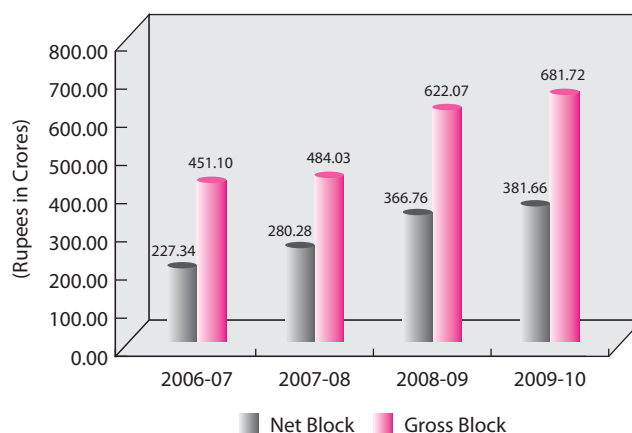
Dividend Payout



Network & Book Value



Net Block & Gross Block





## Notice:

Notice is hereby given that the Twenty Seventh 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 Thursday, the 16th day of September, 2010, 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, 2010 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, 2010.
3. 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.
4. To appoint a Director in place of Smt. Hetal Gogri Gala, who is liable to retire by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Shri Shantilal T. 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 Ramdas M. Gandhi, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Shri Haresh K. Chheda, 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 modifications, 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 reappointment and terms of remuneration of Shri Kirit R. Mehta, Whole-time Director of the Company for a period of five years with effect from 18th September, 2010 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 Kirit R. Mehta.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized 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 modifications, 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 reappointment and terms of remuneration of Shri Parimal H. Desai, Whole-time Director of the Company for a period of five years with effect from 10th February, 2011 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 Parimal H. Desai.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized 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

By order of the Board  
Sd/-  
**MONA PATEL**  
Company Secretary

Place: Mumbai  
Date: 26<sup>th</sup> May, 2010

### 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 Nos. 9 and 10 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 9th September, 2010 to 16th September, 2010 (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 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) **National Electronic Clearing Service (NECS) Facility:** The Company has been using the Electronic Clearing Services (ECS) of the Reserve Bank of India (RBI), at designated locations, for payments of dividend to shareholders holding shares in dematerialized form as well as payment of dividend to the shareholders holding shares in physical form, who chose to avail of the same.

As per RBI's notification, with effect from 1<sup>st</sup> October 2009, the remittance of money through ECS has been replaced by National Electronics Clearing Services (NECS). NECS operates on the new and unique bank account number allotted by banks post implementation of the Core Banking Solutions (CBS). Pursuant to implementation of CBS, your bank account number may have undergone a change, which is required to be communicated by you to your Depository Participant, incase you are holding shares in dematerialized form.
  - (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.





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

<b>Particulars</b>	<b>Shri Vijay H. Patil</b>	<b>Smt. Hetal Gogri Gala</b>	<b>Shri Shantilal T. Shah</b>
Date of birth and age	15.07.1937 (73 years)	10.07.1975 (35 years)	28.12.1938 (71 years)
Date of Appointment	29.01.1990	01.11.2001	25.04.1990
Qualifications	L.L.M.	B. E (Electronics) and MEP degree from IIMS Ahmedabad	B. Com
Experience and expertise in specific functional areas	He is an advocate Supreme Court and expert in taxation matters with 46 years experience in legal and taxation matters.	She is having a good experience in the Business Administration, Financial Management and Purchase.	He has 45 years of experience in marketing, finance and administrative function in chemical industry. Currently he is Non-executive Vice-Chairman of the Company.
Directorships held in other (excluding foreign) Companies	Lotus Properties Private Limited	Anushakti Chemicals & Drugs Limited Ganesh Polychem Limited Gogri And Sons Investments Pvt. Ltd. Alchemie Dye Chem Private Limited	Aarti Corporate Services Limited Crystal Millennium Realtors Private Limited Dhaval Realtors (India) Private Limited Aarti Ventures Limited
Memberships/Chairmanships of committees across public companies	<b><u>Audit Committee</u></b> Aarti Industries Limited - Member  <b><u>Remuneration Committee</u></b> Aarti Industries Limited - Member	<b><u>Finance Committee</u></b> Aarti Industries Limited - Member	<b><u>Shareholders Grievance Committee</u></b> Aarti Industries Limited - Member  <b><u>Share Transfer Committee</u></b> Aarti Industries Limited - Member  <b><u>Finance Committee</u></b> Aarti Industries Limited - Member
Number of shares held in the Company	7200	2393996	1729329



Particulars	Shri Ramdas M. Gandhi	Shri Haresh K. Chheda
Date of birth and age	14.03.1933 (77 years)	15.07.1961 (49 Years)
Date of Appointment	29.01.1990	27.03.2003
Qualifications	L.L.M., Solicitor	B. Com and F.C.A.
Experience and expertise in specific functional areas	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.	He is a Chartered Accountant by profession and has over 18 years experience in the field. He is a senior partner of Ghalla & Bhansali, Chartered Accountants, Mumbai.
Directorships held in other (excluding foreign) Companies	Vinyl Chemicals (India) Limited Unichem Laboratories Limited Aarti Drugs Limited Pidilite Industries Limited	Ghalla and Bhansali Securities Private Limited Ghalla Bhansali Consultancy Private Limited Ghalla Bhansali Stock Brokers Private Limited
Memberships/Chairmanships of committees across public companies	<b><u>Audit Committee</u></b> Vinyl Chemicals (India) Limited - Chairman Unichem Laboratories Limited - Member Aarti Industries Limited - Chairman Aarti Drugs Limited - Chairman  <b><u>Shareholders Grievance Committee</u></b> Pidilite Industries Limited - Chairman Vinyl Chemicals (India) Limited - Member Unichem Laboratories Limited - Chairman  <b><u>Remuneration Committee</u></b> Vinyl Chemicals (India) Limited - Member Unichem Laboratories Limited - Member Aarti Industries Limited - Member Aarti Drugs Limited - Member	<b><u>Audit Committee</u></b> Aarti Industries Limited - Member
Number of shares held in the Company	18000	2000

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

Place: Mumbai  
Date: 26<sup>th</sup> May, 2010

By order of the Board

Sd/-  
**MONA PATEL**  
Company Secretary



## Annexure to the Notice

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

#### Item No. 9

Shri Kirit R. Mehta has been the whole-time Director of the Company since 18th September, 2000. Based on the recommendation of the Remuneration Committee duly approved by the resolution passed at its meeting, the Board of Directors have reappointed Shri Kirit R. Mehta as the Whole-time Director of the Company with effect from 18th September, 2010, for a period of five years, on expiration of his previous term, subject to the approval of the Company in General Meeting upon the terms and conditions set out in the draft Agreement to be entered into by the Company with him. The said agreement, inter-alia, contains the following material, terms and conditions:

1. **Period of Agreement:** 18.09.2010 to 17.09.2015

2. **Remuneration:**

(a) **Salary:**

Salary of Rs. 61,000/- per month with power to the Board to make annual increment subject to maximum Salary of Rs. 2,25,000/- per month.

(b) **Perquisites:**

In addition to salary the whole-time director shall be entitled to the following perquisites/allowances:

House rent allowance, Reimbursement of medical expenses and medical insurance premiums for self and family; leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, personal accident insurance; Bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company and such other perquisites and special allowances as may be determined by the Board of Directors from time to time.

(c) Whole-time Director shall also be entitled to following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein:

(i) Contribution to Provident Fund, Contributions to superannuation fund or annuity fund as per the rules of the Company. These will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(ii) Gratuity payable at rate not exceeding half a month's salary for each completed year of service and

(iii) Encashment of leave at the end of the tenure.

(iv) Provision of car for business of the Company and telephone at residence shall not be treated as perquisites. Use of car for personal purpose and personal long distance calls on telephone shall be billed by the Company.

Explanation: For the purpose of this agreement "family" means the spouse, the dependent children and dependent parents of the Whole-time Director.

(d) The perquisites and allowances together with the salary payable as aforesaid shall be restricted to and be subject to the applicable overall maximum ceiling limit set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time.

3. Where in any financial year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as aforesaid.

4. The Whole-time Director shall be entitled to annual privilege leave on full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

5. No sitting fee shall be payable to him for attending the Meetings of the Board of Directors or Committee thereof.

6. Notwithstanding anything to the contrary contained in the Agreement, either party shall be entitled to terminate the Agreement, at any time by giving to the other party 180 days notice in writing in that behalf without the necessity of