

AARTI PHARMALABS LIMITED
ANNUAL REPORT
FY 2021-22

DIRECTORS' REPORT

To
The Members,
Aarti Pharmalabs Limited
(Formerly known as Aarti Organics Limited)

Your Directors have pleasure in presenting the 3rd Annual Report of the Company together with the Audited Statement of Accounts for the year ended March 31, 2022.

FINANCIAL HIGHLIGHTS

(Amount in Rs.)

Particulars	2021-22	2020-21
Gross Revenue from operations	0	0
Total Expenses	7,87,278	45,960
Profit/(Loss) Before Tax	(7,71,378)	(45,960)
Profit /(Loss) for the period	(7,71,378)	(45,960)
Earnings Per Share	(3.09)	(0.18)

DIVIDEND

During the period under review, there being no profits, no dividend has been recommended for the period ended March 31, 2022 by the Board.

OPERATIONS

There was no change in nature of the business of the Company, during the year under review.

TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve.

FINANCIALS

During the Financial year 2021-22, the Company did not have Revenue from operation and Loss after Tax was Rs. 7,71,378/- as compared to loss of Rs. 45,960/- in FY 2020-21.

LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year under review, your Company has not made any loans, guarantees and investments covered under Section 186 of the Companies Act, 2013.

DEPOSITS

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act was not applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has not entered into any transactions/contracts/ arrangements referred to in Section 188(1) of Companies Act, 2013 with related party(ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review.

HOLDING COMPANY, SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company is a Wholly Owned Subsidiary of Aarti Industries Limited. The Company did not have any Subsidiaries, Joint Ventures and Associate Companies.

CORPORATE GOVERNANCE

Corporate Governance is an ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. Your Company is committed to achieve the highest standards of Corporate Governance and also adheres to the Corporate Governance requirements set by the Regulators/applicable laws. The Company has been following the principles of good Corporate Governance and lays strong emphasis on transparency, accountability and integrity.

NUMBER OF MEETINGS OF BOARD

During the year under review, 7 (seven) Board meetings were held i.e. on May 15, 2021, July 26, 2021, August 7, 2021, August 19, 2021, October 28, 2021, December 17, 2021 and February 4, 2022.

The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY

The Company does not fall in the criteria mentioned under Section 135 of the Companies Act, 2013, for applicability of the provisions of Corporate Social Responsibility. Hence, Company is not required to constitute CSR Committee and to comply with other provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly. The Company has effective system in place for achieving efficiency in operations, optimum and effective utilization of resources, monitoring thereof and compliance with applicable laws.

The Company has a robust compliance management framework commensurate with the size and operations of the company. The imperative features of this newly introduced tool 'Compliance Management System' includes; a readily available comprehensive list of applicable laws at any given point of time, user-friendly alerts/escalations, customised reporting and mechanism to deal with timely regulatory updates. This tool is aimed to curtail Regulatory Risk and to practice good governance across all the locations/establishments of the Company.

INTERNAL FINANCIAL CONTROL

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Statutory Auditors of the Company for inefficiency or inadequacy of such controls.

RISK MANAGEMENT

The Board of Directors of the Company has designed Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews.

DIRECTORS

During the year under review, Shri Rajendra V. Gogri [DIN: 00061003], Shri Rashesh C. Gogri [DIN: 00066291], Smt. Hetal Gogri Gala [DIN: 00005499] and Shri Narendra Salvi [DIN: 00299202] were appointed as Additional Directors of the Company with effect from August 7, 2021 and their appointment was approved by the Shareholders at the Annual General Meeting held on September 27, 2021.

Besides, Shri Ajay Kumar Gupta [DIN: 08619902] and Shri Shyam Shankarrao Dhekekar [DIN: 08620002] resigned from their office on August 7, 2021. The Board places on record their appreciation for the assistance and guidance provided by Shri Gupta and Shri Dhekekar during the tenure as Director of the Company.

Accordingly, the Company's Board consists of 5 (Five) Directors as on date.

Shri Narendra Salvi [DIN: 00299202] retires by rotation in terms of provisions of the Act at the ensuing Annual General Meeting of the Company and offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that the directors had selected such accounting policies and applied them consistently and made judgments 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 and loss of the company for that period;
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that Directors' have prepared the annual accounts on a going concern basis;
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

In accordance with the provisions of Section 139 of the Companies Act, 2013, the members at the 1st Annual General Meeting held on September 19, 2020 had approved the appointment of Jatin Vora & Associates LLP (Firm Registration No: 118024W), Chartered Accountants for a term of 5 years, to hold office till conclusion of 6th Annual General Meeting. As per the provisions of Section 139 of the Act, they have confirmed that they are not disqualified from continuing as Auditors of the Company.

COMMENTS ON AUDITORS REPORT

There were no qualifications, reservations or adverse remarks made by the auditors in their report. The provisions relating to submission of secretarial audit report is not applicable to the company.

REPORTING OF FRAUDS BY STATUTORY AUDITORS UNDER SECTION 143(12)

There were no incidences of reporting of frauds by Statutory Auditors of the Company under Section 143(12) of the Act read with Companies (Accounts) Rules, 2014

WHISTLE BLOWER POLICY

The provisions of Whistle Blower policy are not applicable to the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

a) CONSERVATION OF ENERGY

(i)	the steps taken or impact on conservation of energy	Company's operation does not consume significant amount of energy.
(ii)	the steps taken by the company for utilizing alternate sources of energy.	Not applicable, in view of comments in clause (i)
(iii)	the capital investment on energy conservation equipments	Not applicable, in view of comments in clause (i)

b) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(i)	the effort made towards technology absorption	Nil
(ii)	the benefits derived like product improvement cost reduction product development or import substitution	Nil
(iii)	in case of imported technology (important during the last three years reckoned from the beginning of the financial year)	Nil
	(a) the details of technology imported	
	(b) the year of import;	
	(c) whether the technology been fully absorbed	
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
(iv)	the expenditure incurred on Research and Development	Nil

c) FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no foreign exchange inflow and outflow during the year under review.

OTHER DISCLOSURES

No penalties/strictures were imposed on the Company by any statutory authority on any matter. There were no significant and material orders passed by regulators or courts or tribunals impacting the going concern status & Company's operations in future.

The Company has in place the mechanism for Risk Assessment. The Board by way of periodical review ensures that risk, if any, is controlled and managed by means of properly designed framework.

The Company has an internal HR policy dealing with Sexual Harassment. The Company has not received any complaint of sexual harassment during the year under review.

The company is not required to constitute Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as there are less than 10 employees in the company.

SECRETARIAL STANDARDS

During the year, your company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (ICSI).

ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks to the bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review.

We are thankful for the continued support from Aarti Industries Limited.

For and on behalf of the Board

Sd/-
Rashesh C. Gogri
Chairman
DIN: 00066291

Date: August 08, 2022
Place: Mumbai

Independent Auditor’s Report on the Standalone Ind AS Financial Statements

**To the Members of
Aarti Pharmalabs Limited**

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Aarti Pharmalabs Limited** (“the Company”) which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, Cash Flow Statement, and the Statement of Changes in Equity and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended (‘the Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, its loss including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA’s), as specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Company in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion on the standalone Ind AS financial statements.

Information Other than the Financial Statements and Auditor’s Report thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises of Directors Report with its annexure, but does not include Financial Statements and our auditor’s report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information; we required to report that fact. We have nothing to report in this regard.

Management’s Responsibility for the Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our responsibility are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is high level of assurance but it is not guarantee that an audit concluded in accordance with the SA’s will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As a part of an audit in accordance with SA’s, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Standalone Financial Results of the Company to express an opinion on the Standalone Financial Results.

Materiality is the magnitude of misstatements in the Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the ‘Annexure A’, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards referred specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.
- e) On the basis of written representations received from the directors as on 31st March, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the period is in accordance with the provisions of section 197 of the Act; and
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The company does not any pending litigations on its financial position in its Financial Statements.
 - ii. The company did not have any long term contracts including derivative contracts which were any material foreseeable losses;
 - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company;
- 3. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Jatin Vora & Associates
Chartered Accountants
Firm Registration No. 118024W

Jatin Vora
Proprietor
Membership No. 103866
UDIN: 22103866AJFZZY8734

Place: Mumbai

Date: 20th May, 2022.