Aarti Drugs Limited
Manufacturers of : Bulk Drugs & Chemicals

Corporate Office : Mahendra Industrial Estate,
Plot No. 109-D, Road No. 29, Sion (East),
Mumbai - 400 022. (India)
Tel.: 022-2407 2249 / 2401 9025 (30 Lines)
Fax : 022-2407 3462 / 2407 0144
Email : admin@aartidrugs.com
Website : www.aartidrugs.com
CIN NO : L37060MH1984PLC055433

Ref: ADL/SE/2016-17
Date: 29th June, 2016

To,

Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
BSE CODE – 524348
BSE ID - AARTIDRUGS

National Stock Exchange of India Limited
"Exchange Plaza",
Bandra - Kurla Complex,
Bandra(E), Mumbai – 400 051
NSE CODE: AARTIDRUGS

Sub: Submission of Notice of 31st Annual General Meeting and Annual Report of the Company for the financial year 2015-16.

Dear Sir / Madam,

Pursuant to Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, we inform you that the 31st Annual General Meeting of the members of the Company will be held on Friday, 22nd July, 2016 at 11.00 a.m. at TIMA Hall, MIDC Tarapur, Dist. Palghar – 401 506, Maharashtra.

We hereby submit Notice of the 31st Annual General Meeting of the Company alongwith Annual Report for the financial year 2015-16 that was sent to all the shareholders in the permitted mode.

The above is for your kind information and records. You are requested to acknowledge the receipt.

Thanking you,

Yours faithfully,
For Aarti Drugs Limited

V.S. Ranade

Vibhav S. Ranade
Company Secretary & Compliance Officer

AARTI DRUGS LTD. MUMBAI 400022. SION

The Chemistry of Sustained Relationships

Annual Report 2015-16

Aarti Drugs Ltd.

AARTI DRUGS

AND ITS GLOBAL PRESENCE

Country

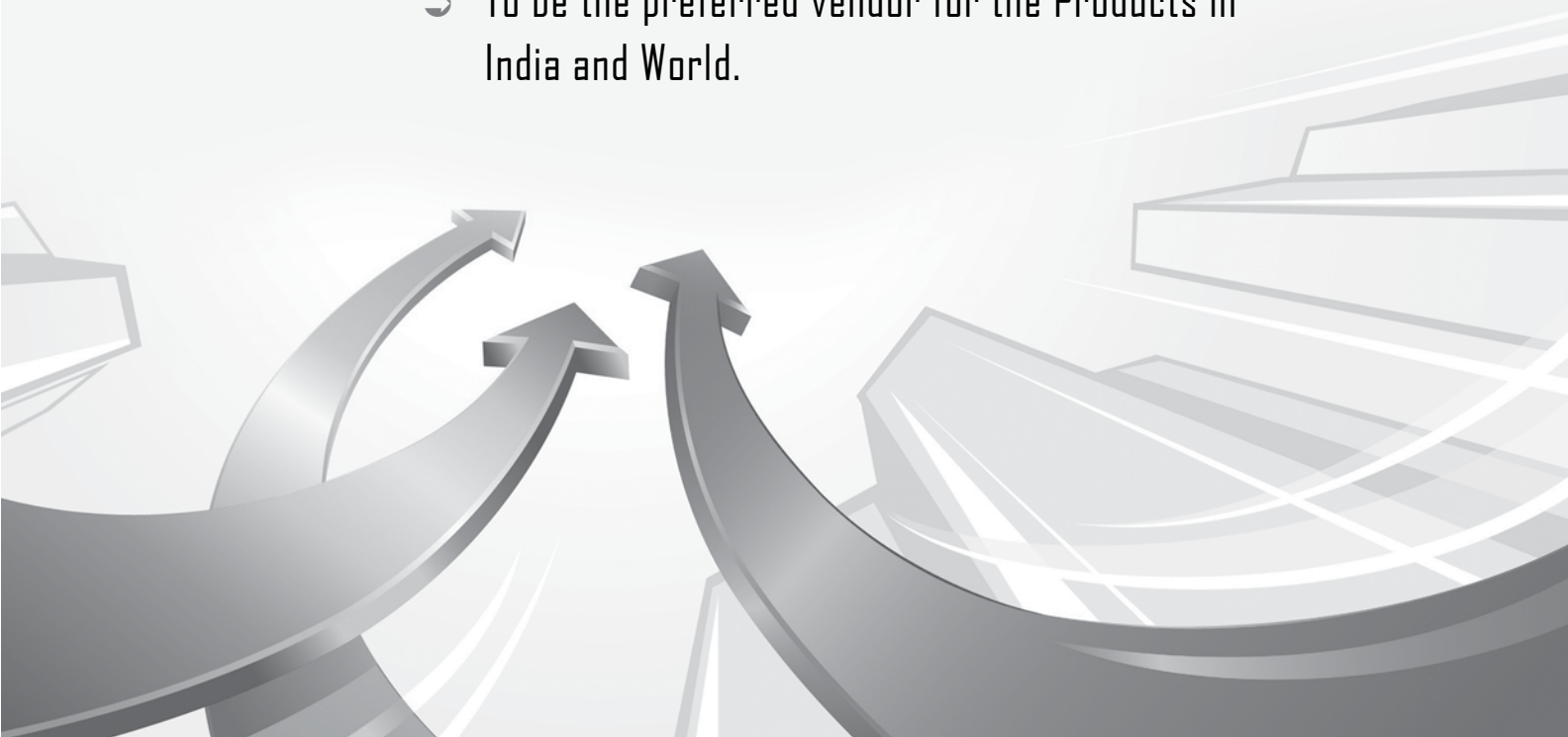
1	Albania	11	Brazil	21	Cyprus	31	Guatemala	41	Ivory Coast
2	Algeria	12	Bulgaria	22	Czech Republic	32	Hongkong	42	Jamaica
3	Argentina	13	Burundi	23	Ecuador	33	Hungary	43	Japan
4	Australia	14	Canada	24	Egypt	34	India	44	Jordan
5	Bangladesh	15	Chile	25	El Salvador	35	Indonesia	45	Kenya
6	Belarus	16	China	26	Ethiopia	36	Iran	46	Korea
7	Belgium	17	Colombia	27	France	37	Iraq	47	Kuwait
8	Benin	18	Costa Rica	28	Georgia	38	Ireland	48	Lativia
9	Bolivia	19	Croatia	29	Germany	39	Israel	49	Lebanon
10	Bosnia	20	Cuba	30	Greece	40	Italy	50	Lithuania

MISSION

- Aarti Drugs Limited will seek global market leadership.
- Development and growth in the products 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 Products in India and World.



Corporate Information

Chairman Emeritus
Shri Chandrakant V. Gogri

Board of Directors
Shri Prakash M. Patil
Chairman, Managing Director & Chief Executive Officer

Shri Rashesh C. Gogri
Managing Director

Shri Harshit M. Savla
Jt. Managing Director

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

Shri Rajendra V. Gogri
Non-Executive Director

Independent Directors
Shri Ramdas M. Gandhi
CA Bhavesh R. Vora
Prof. Krishnacharya G. Akamanchi
Dr. Vilas G. Gaikar
CA Navin C. Shah
CA Priti P. Savla

Chief Financial Officer
Shri Adhish P. Patil

Registered Office
Plot No. N - 198, M.I.D.C.,
Tarapur, Village-Pamtermbhi,
Dist. Palghar - 401 506, Maharashtra

Corporate Identification Number
L37060MH1984PLC055433

Company Secretary & Compliance Officer
CS Vibhav S. Ranade
(Appointed w.e.f. 22nd February, 2016)

Statutory Auditors
M/s. Gokhale & Sathe,
308/309, Udyog Mandir No. 1,
7-C Bhagoji Keer Marg,
Mahim, Mumbai-400 016, Maharashtra

Registrar & Transfer Agent
Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai – 400 078, Maharashtra

Bankers
Union Bank of India
Bank of Baroda
State Bank of India
Standard Chartered Bank
DBS Bank Limited
IDBI Bank Limited
Citi Bank N.A.
The Hongkong and Shanghai Banking Corporation Limited
Kotak Mahindra Bank Limited
IndusInd Bank Limited
The Saraswat Co-operative Bank Limited

Corporate Office
Mahendra Industrial Estate,
Ground Floor, Plot No. 109D,
Road No. 29, Sion (E),
Mumbai - 400 022, Maharashtra
Visit us at www.aartidrugs.com

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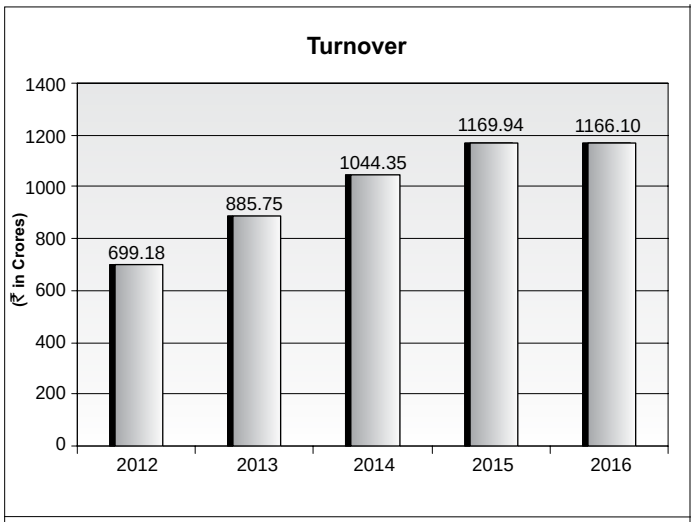
FINANCIAL HIGHLIGHTS

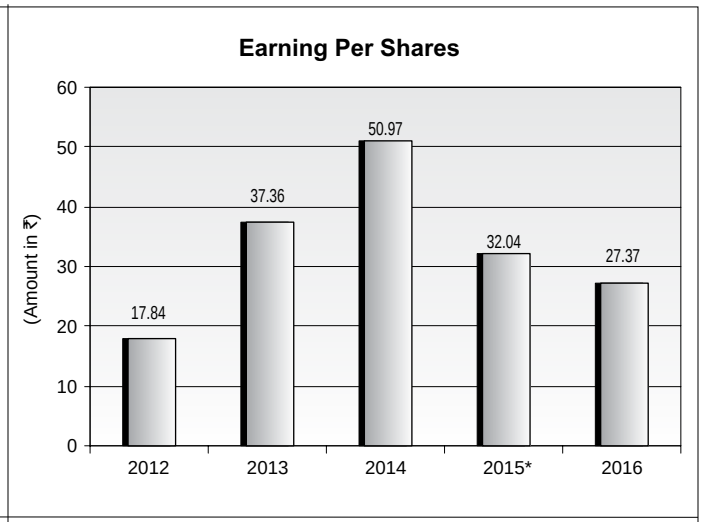
(₹ in Lakhs)

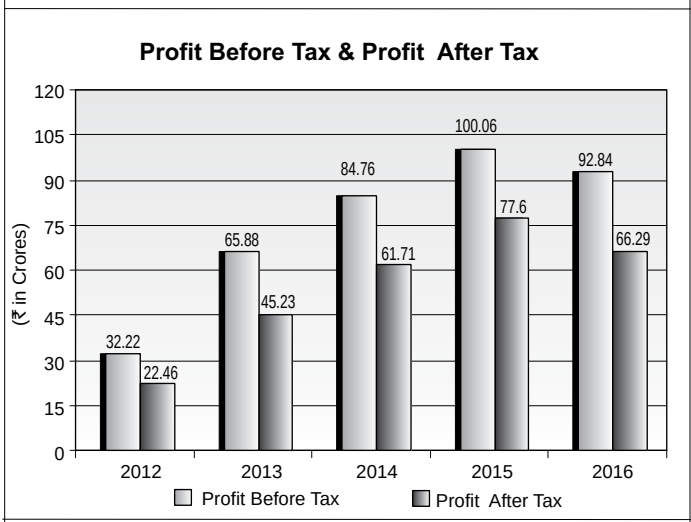
Particulars	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16*
Sales (Gross)	**40,968.87**	**49,694.87**	**52,301.38**	**69,917.64**	**88,574.83**	**104,434.57**	**116,993.80**	**116,609.60**
Profit Before Interest and Depreciation	5,690.35	7,207.99	6,269.13	8,027.03	12,033.43	14,635.01	16,895.56	**17,170.30**
Interest	2,271.69	1,474.45	1,347.80	2,267.19	2,803.55	3,348.97	3,887.70	**4,328.35**
Depreciation	1,103.92	1,351.75	1,774.06	2,421.59	2,598.40	2,811.94	3,066.35	**3,558.41**
Profit Before Tax	**2,314.75**	**4,381.79**	**3,147.27**	**3,221.98**	**6,587.84**	**8,476.04**	**10,006.49**	**9,283.54**
Profit After Tax	**1,504.75**	**2,609.79**	**2,247.29**	**2,246.10**	**4,523.84**	**6,171.23**	**7,759.95**	**6,628.54**
Dividend (%)	**30**	**50**	**50**	**50**	**100**	**130.00**	**80.00**	**67.50**
Payout	351.26	605.43	605.43	605.43	1,210.86	1,574.11	1,937.35	**1,634.65**
Equity Capital	1,170.86	1,210.86	1,210.86	1,210.86	1,210.86	1,210.86	2,421.72	**2,421.72**
Reserves & Surplus	10,827.49	12,898.30	14,440.78	16,437.13	19,549.93	23,879.53	27,948.53	**32,609.65**
Networth	**11,998.35**	**14,109.16**	**15,651.63**	**17,647.99**	**20,760.78**	**25,090.39**	**30,370.25**	**35,031.36**
Borrowings								
Long Term	7,204.25	7,818.18	7,434.15	6,692.38	8,070.45	7,664.20	15,147.46	**17,521.36**
Short-Term-Bank	8,070.95	6,047.94	16,866.01	21,723.88	21,498.34	24,758.92	24,838.59	**25,736.98**
Short-Term-Others	2,572.65	3,898.38	85.01	1,374.94	–	1,800.83	288.00	**–**
Total Borrowings	**17,847.85**	**17,764.50**	**24,385.18**	**29,791.20**	**29,568.79**	**34,223.95**	**40,274.05**	**43,258.34**
Gross Block	26,725.92	28,748.23	34,579.98	43,938.29	47,904.89	58,113.01	66,509.39	**69,073.67**
Less : Depreciation	8,788.25	10,394.66	12,159.02	16,584.66	18,781.79	20,860.39	23,361.02	**22,796.97**
Net Block	**17,937.66**	**18,353.57**	**22,420.96**	**27,353.63**	**29,123.10**	**37,252.62**	**43,148.38**	**46,276.70**
Capital work-in-progress	64.42	340.35	1,037.47	299.09	1,258.89	831.55	1,334.63	**3,404.47**
Investments	2,137.85	2,137.85	2,461.29	691.84	513.19	461.90	1,111.49	**1,111.51**
Current Assets, Loans and Advances	18,513.71	20,020.43	25,669.13	32,917.38	41,076.71	46,428.05	51,098.67	**54,677.46**
Less: Current Liabilities	7,076.76	6,998.89	9,322.39	11,375.56	17,602.05	21,407.73	21,313.77	**21,970.69**
Net Working Capital	**11,436.96**	**13,021.54**	**16,346.74**	**21,541.83**	**23,474.66**	**25,020.32**	**29,784.90**	**32,706.77**
Book Value (₹)	102.47	116.52	129.26	145.75	171.46	207.21	**125.41	**144.66**
EPS (Basic & Diluted) (₹)	12.85	22.08	18.56	17.84	37.36	50.97	**32.04	**27.37**

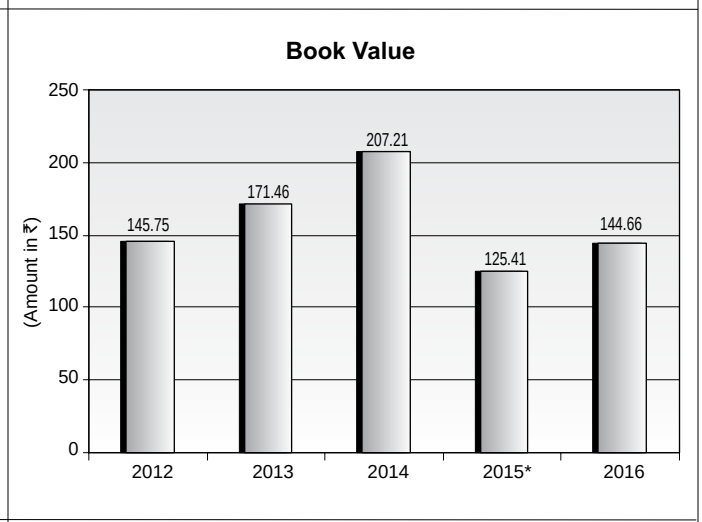
Notes: * As per Schedule (III) of the Companies Act, 2013.
** Post bonus issue of 1:1 equity share for the year 2016.

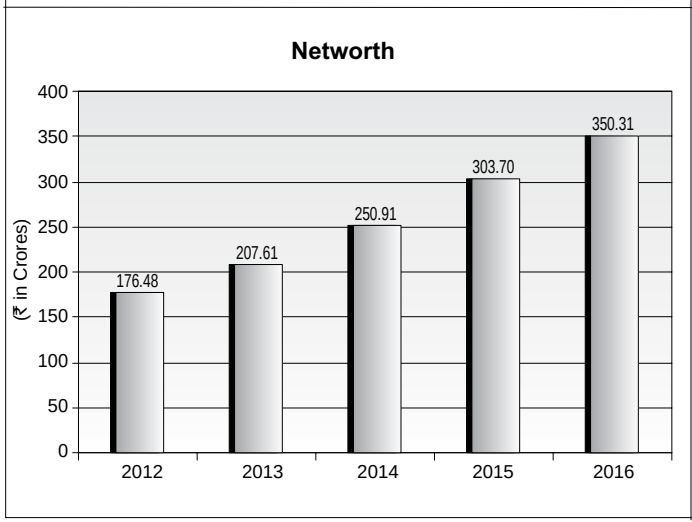
FINANCIAL HIGHLIGHTS

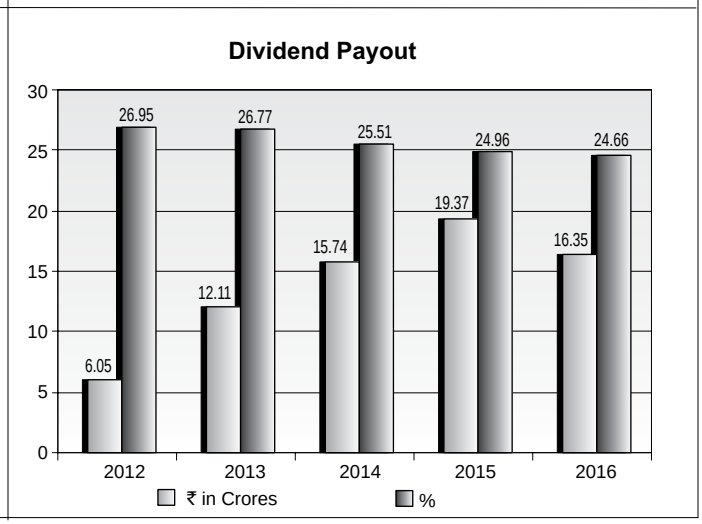












* Post Bonus issue of 1:1 equity shares for the year 2015

NOTICE

NOTICE is hereby given that the **THIRTY FIRST ANNUAL GENERAL MEETING** of the members of **AARTI DRUGS LIMITED** will be held on **Friday, 22nd July, 2016 at 11.00 a.m.** at TIMA Hall, MIDC Tarapur, Dist. Palghar - 401 506, Maharashtra, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended 31st March, 2016, the reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Shri Rashesh C. Gogri (DIN: 00066291), who retires by rotation and being eligible, offers himself for reappointment.

3. To appoint Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof) for the time being in force and pursuant to the recommendation of the Audit Committee of the Board of Directors and in terms of resolution passed by the members at the Annual General Meeting held on 11th July, 2014, the appointment of M/s. Gokhale & Sathe, Chartered Accountants (Firm Regn. No. 103264W), as the Statutory Auditors of the Company be and is hereby ratified to hold office till the conclusion of the Thirty Second Annual General Meeting and on such remuneration and reimbursement of out of pocket expenses, as shall be decided/approved by the Board of Directors of the Company."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 3,00,000/- (Rupees Three Lakhs only) plus service tax as applicable as approved by the Board of Directors based on the recommendations of Audit Committee of the Company, to be paid to Shri Girikrishna S. Maniyar, Cost Accountant, for the conduct of the Audit of the cost accounting records of the Company, for the financial year ending 31st March, 2017, be and is hereby ratified and confirmed."

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** pursuant to provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Article 86(1) of the existing Articles of Association of the Company be and is hereby altered by deleting and substituting in its place the following new Article 86(1):

86(1)	*Shri Prakash M. Patil as the Managing Director of the Company shall not be liable to retire by rotation. The Board shall have the power to determine the Directors whose period of office is or is not liable to determination by retirement of directors by rotation.*	*Directors not liable to retire by rotation.*

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

By Order of the Board of Directors
For Aarti Drugs Limited

Sd/-
Vibhav S. Ranade
Company Secretary

Place: Mumbai
Date: 5th May, 2016

Registered Office:
Plot No. 198, MIDC Tarapur,
Village - Pamtermbhi,
Taluka-Palghar,
Dist. Thane - 401 506,
Maharashtra

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. Further, a Member holding more than ten percent (10%), of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

2. The instrument of Proxy in order to be effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorizing their representatives to attend and to vote on their behalf at the Meeting.

4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business under Item No. 4 and 5 above is annexed hereto and forms part of the Notice.

5. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting.

7. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.

8. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 15th July, 2016 to Friday, 22nd July, 2016 (both days inclusive).

9. All documents referred to in the accompanying notice are open for inspection by the members at the registered office of the Company on all working days during 11.00 a.m. to 1.00 p.m. up to the date of the AGM.

10. The matters set out in the Notice will be transacted inter-alia through remote electronic voting system and the Company is providing facility inter-alia for remote e-voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 19.

11. Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents (RTA), M/s. Link Intime India Private Limited (appointed w.e.f. 26th April, 2016) 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 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.

12. 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) and Permanent Account Number (PAN) with their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's RTA as the same is mandated by the Securities and Exchange Board of India.

13. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. 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 provide their e-mail addresses to the Sharepro Services (India) Private Limited (RTA) sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investorrelations@aartidrugs.com.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Link Intime India Pvt. Ltd., Registrar and Share Transfer Agents, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078, Maharashtra.

15. Queries on accounts may please be sent to the Company 10 (Ten) day in advance of the Annual General Meeting so that the answers may be made available at the meeting.

16. The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 30th Annual General Meeting (AGM) held on 14th August, 2015, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.aartidrugs.com

17. Additional Information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the Director seeking appointment/re-appointment at the AGM, is furnished as an annexure to this Notice.

18. Copies of the Annual Report 2015-16 are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for 2015-16 are being sent by the permitted mode. Members may also note that the Notice of the 31st AGM and the Annual Report 2015-16 will be available on the Company's website viz. www.aartidrugs.com.

19. **Voting through electronic means**

    I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 31st Annual General Meeting (AGM) by electronic

means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

II. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

III. The remote e-voting period commences on **Monday, 18th July, 2016 at 9.00 a.m.** and ends on **Thursday, 21st July, 2016 at 5.00 p.m.** During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **Friday, 15th July, 2016**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

VI. The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

(i) Open email and open PDF file viz. **"Aarti Drugs Limited remote e-voting.pdf"** with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

(iii) Click on Shareholder - Login

(iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

(vii) Select "REVEN" of Aarti Drugs Limited.

(viii) Now you are ready for remote e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to investorrelations@aartidrugs.com or with a copy marked to evoting@nsdl.co.in.

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

REVEN (Remote e-voting Event Number)	
USER ID	PASSWORD/PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.

V. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

VI. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

VII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

VIII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of **Friday, 15th July, 2016**.

IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, 15th July, 2016 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or investorrelations@aartidrugs.com. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" option available on www.evoting.nsdl.com.

X. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

XII. CS Sunil M. Dedhia, Practicing Company Secretary has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

XIII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing.

XIV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.aartidrugs.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited.

20. **Voting at AGM:**

The members who have not cast their vote by remote e-voting can exercise their voting rights at the AGM. The Company will make arrangement of poll in this regards at the AGM Venue.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor for 2016-17 was recommended by the Audit Committee to the Board. The Board has appointed Mr. Girikrishna S. Maniyar, Cost Accountant, as Cost Auditor for the conduct of the audit of the cost accounting records of the Company, at a remuneration of ₹ 3,00,000/- (Rupees Three Lakhs only) plus service tax as applicable for the financial year ending 31st March, 2017.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the Shareholders. Hence this resolution is put for the consideration of the shareholders.

Your Directors recommend the resolution at Item No. 4 for your approval as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 5

Section 152(6) of the Companies Act, 2013, provides that not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation and be appointed by the Company in general meeting.

Shri Prakash Moreshwar Patil has been the Managing Director of the Company since inception of the Company's operations and thus proposed to be specifically not liable to retire by rotation. Further, with a view to have clarity on directors who would be liable to retire by rotation and also enable compliance with the provisions of Section 152(6) as aforesaid, it is proposed to amend the Article 86(1) of the existing Articles of Association in line with the marginal note thereof as set out in the resolution at Item No. 5 for your approval as a Special Resolution.

Shri Prakash Moreshwar Patil is interested in the said resolution. Shri Uday M. Patil, Whole-time Director and Shri Adhish P. Patil, Chief Financial Officer are deemed to be interested in the said resolution as they are related to him. None of the other Directors and Key Managerial Personal of the Company or their relative is, in anyway, concerned or interested, financially or otherwise, in the said resolution.

By Order of the Board of Directors
For Aarti Drugs Limited

Sd/-
Vibhav S. Ranade
Company Secretary

Place: Mumbai
Date: 5th May, 2016

Registered Office:
Plot No. 198, MIDC Tarapur,
Village - Pamtermbhi,
Taluka-Palghar,
Dist. Thane - 401 506,
Maharashtra

BRIEF RESUME OF DIRECTOR SEEKING APPOINTMENT IS AS UNDER:

Particulars	**Shri Rashesh C. Gogri**
Date of Birth and Age	03.06.1974 (42 years)
Date of Appointment	16.08.2012
Qualifications	Industrial Engineer and holds Diploma in Business Management
Experience and expertise in specific functional areas	He has been President – Marketing with the Company and has more than 16 years of experience in field of production, marketing and project implementation in chemical industry.
Directorships held in other Listed Companies	Aarti Industries Limited
Memberships/Chairmanships of committees in Listed Companies*	**Audit Committee** Aarti Drugs Limited – Member Aarti Industries Limited – Member **Stakeholders Relationship Committee** Nil
Number of shares held in the Company	11,23,532
Relationship with other Directors	NIL
No. of Board Meetings attended	5

* Only two committees namely Audit Committee and Stakeholders Relationship Committee have been considered.

Route Map to the venue of the Annual General Meeting

DIRECTORS' REPORT

TO THE MEMBERS OF AARTI DRUGS LIMITED

Your Directors have pleasure in presenting the Thirty First Annual Report together with the Audited Financial Statements along with the Report of the Auditors for the year ended 31st March, 2016.

COMPANY'S FINANCIAL RESULTS

(₹ in Lakhs)

	Standalone		Consolidated	
Particulars	**2015-2016**	2014-2015	**2015-2016**	2014-2015
Net Sales/Income from Operations	**107073**	108448	**113488**	109427
Other Operating Income	**476**	274	**496**	261
Total Income from Operations	**107550**	108722	**113984**	109688
Total Expenditure	**90379**	91827	**96415**	92786
Profit Before Depreciation, Amortization, Interest and Tax Expenses	**17170**	16895	**17569**	16902
Less: Interest	**4328**	3888	**4389**	3893
Depreciation & Amortization	**3558**	3066	**3653**	3102
Profit/(Loss) before other income	**9284**	9941	**9527**	9907
Other Income	**–**	65	**–**	65
Profit/(Loss) Before Tax	**9284**	10006	**9527**	9972
Less: Provision for taxation – Current	**2115**	2000	**2115**	2000
– Earlier Year	**–**	(154)	**–**	(154)
– Deferred	**540**	400	**540**	400
Profit After Tax	**6629**	7760	**6872**	7725
Add: Surplus brought forward	**23068**	19626	**23033**	19626
Profit available for appropriation	**29697**	27386	**29906**	27351
Appropriations:				
Transfer to General Reserve	**670**	780	**670**	780
Proposed Dividend	**–**	727	**–**	727
1st Interim Dividend	**545**	605	**545**	605
2nd Interim Dividend	**363**	605	**363**	605
3rd Interim Dividend	**727**	–	**727**	–
Tax on Dividend	**333**	390	**333**	390
Bonus Share Issued	**–**	*1211	**–**	*1211
Balance carried to Balance Sheet	**27059**	23068	**27314**	23033

** The Company has allotted 1,21,08,550 fully paid-up equity shares pursuant to a bonus issue in the ratio of 1:1.*

SHARE CAPITAL

The paid-up Equity Share Capital as on 31st March, 2016 was ₹ 24,21,71,000/-. The Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued sweat equity shares. There is no scheme for employee stock option or provision of money for shares of the Company to employees or Directors of the Company.

DIVIDEND

During the year under review, your Company had declared and paid three interim dividends aggregating to ₹ 6.75/- per equity share of ₹ 10/- each (Previous Year: ₹ 8/- per share ex-bonus including two interim and final dividends). Keeping in view the three interim dividends already declared by the Company, the Board have not recommended any further dividend.

Total cash outflow on account of dividend payments including dividend distribution tax will be ₹ 1967.43 Lakhs for the financial year 2015-16 (Previous Year: ₹ 2327 Lakhs).

OPERATIONS REVIEW

During the year under review, Gross Sales of the Company is ₹ 1166.10 Crores (Previous ₹ 1169.94 Crores) registering a decline of 0.33%.

The Company has achieved Export Sales of ₹ 389.19 Crores as against ₹ 411.71 Crores for the last year, registering a decline of 5.47%.

EBITDA has been ₹ 171.70 Crores (Previous Year: ₹ 168.96 Crores), registering a growth of 1.62%. PAT has been ₹ 66.29 Crores (Previous Year ₹ 77.60 Crores), registering a decline of 14.57%.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Your Company's internal control systems commensurate with the nature and size of its business operations. Your Company has maintained a proper and adequate system of internal controls. This ensures that all Assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorised, recorded and reported diligently.

The Audit Committee and M/s. Raman S. Shah & Associates, Chartered Accountants, Independent Internal Auditors, regularly review internal financial controls and operating systems and procedures for efficiency and effectiveness. The Internal Auditor's Reports are regularly reviewed by the Audit Committee of the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

As required u/s. 134(3)(c) of the Companies Act, 2013, your Directors hereby state that –

a) in the preparation of the Annual Accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;

b) the Directors have 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 as on 31st March, 2016 and of the profit of the Company for that period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared Annual Accounts on a going concern basis;

e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and

f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and were operating effectively.

BOARD OF DIRECTORS

Composition

Aarti Drugs Limited (ADL) Board presently consists of 12 Directors out of which 7 (Seven) are Non-Executive. Out of 7 (Seven) Non-Executive Directors, 6 (Six) Directors are Independent Directors.

Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Rashesh C. Gogri (DIN: 00066291), Managing Director of the Company retires by rotation and being eligible offers his candidature for re-appointment as Director.

Independent Directors

The Independent Directors hold office for a fixed term upto 31st March, 2019 and are not liable to retire by rotation. In accordance with Section 149(7) of the Companies Act, 2013, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Number of Meetings of the Board

The Board of Directors met 5 (Five) times in the year 2015-16. The details of Board and Committee Meetings and the attendance of the Directors at such meetings are provided in the Corporate Governance Report.

The details regarding the Board Meetings and the attendance of the Directors at the Board Meeting/Committee Meeting during the year are set out in detail in the Corporate Governance Report.

BOARD EVALUATION

During the year, the Board evaluated its performance and as well as that of its Committees and Individual Directors, including the Chairman of the Board. Separate exercise was carried out to evaluate the performance of Non-Independent Directors including the Board Chairman who were evaluated on parameters such as Key achievements, Short term and long term targets, challenges faced, Implementation of Strategic decisions, organizational success, participation and attendance in Board and Committee Meetings etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

Independent Directors were evaluated on the parameters such as attendance and participations in the meetings and timely inputs on the minutes of the meetings, adherence to ethical standards & code of conduct of the Company, disclosure of non-independence, as and when exists and disclosure of interest, interpersonal relations with other Directors and Management, understanding of the Company and the external environment in which it operates and contribution to strategic direction, safeguarding interest of whistle-blowers under vigil mechanism and safeguard of confidential information.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Chairman and Managing Director have one to one discussion with all Directors to familiarize them with the Company's operations. Further the Company has put in place a system to familiarize the Independent Directors about the Company, its products, business and on-going events relating to the Company. The details of such familiarization programmes for Independent Directors are posted on the website of the Company viz. www.aartidrugs.com.

KEY MANAGERIAL PERSONNEL

During the year under review, Shri Sunny D. Pagare, Company Secretary & Compliance Officer of the Company resigned w.e.f. 1st December, 2015 and Shri Vibhav S. Ranade has been appointed as Company Secretary & Compliance Officer of the Company w.e.f. 22nd February, 2016.

DETAILS RELATING TO DEPOSITS COVERED UNDER CHAPTER V OF COMPANIES ACT, 2013

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013, are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions made during the financial year 2015-16 were on arm's length basis and were in the ordinary course of business. All transactions with related parties are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement specifying the nature, value and terms & conditions of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The statement is supported by a certification from the Jt. Managing Director and the Chief Financial Officer (CFO). The details of related party transactions are provided in the accompanying financial statements.

The Policy on Related Party Transactions as approved by the Board is available on the Company's website and can be accessed through www.aartidrugs.com.

All transactions entered into with related parties during the year were on an arm's length basis and were in the ordinary course of business. Accordingly, there are no transactions that are required to be reported in Form AOC-2.

EXTRACT OF ANNUAL RETURN

As required by Section 92(3) of the Companies Act, 2013 and rules framed thereunder, the extract of the Annual Return in Form MGT-9 is enclosed as **"Annexure - A"**.

SUBSIDIARY

The Company has one subsidiary, namely, Pinnacle Life Science Private Limited. The Company has attached along with its financial statement, a separate statement containing the salient features of the financial statement of the said subsidiary in "Form AOC-1" which is annexed as **"Annexure - B"**.

CONSOLIDATED FINANCIAL STATEMENTS

As stipulated under the provisions of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards. The audited Consolidated Financial Statements together with Auditors' Report form part of the Annual Report.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of the report.

BUSINESS RISK MANAGEMENT

During the year under review, the Company has identified and evaluated elements of business risk. Business risk, *inter alia*, further includes fluctuations in foreign exchange, Raw Material Procurement risk, Environmental & Safety Risk, Working Capital Risk, Market Risk and Business Operations Risk. The risk management framework defines the risk management approach of the Company and includes periodic review of such risk and also documentation, mitigating controls and reporting mechanism of such risks. The Board of Directors and senior management team currently assess the operations and operating environment to identify potential risks and take necessary mitigation actions.

DISCLOSURES RELATED TO COMMITTEES & POLICIES

1. Audit Committee

The Audit Committee of Directors is constituted as per the provisions of Section 177 of the Companies Act, 2013. The Composition of the Audit Committee is in conformity with the provisions of the said section and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The composition & terms of reference of Audit Committee of the Board of Directors of the Company is disclosed in the report of Corporate Governance, which forms part of this report.

During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Audit Committee.

2. Nomination & Remuneration Committee

The Nomination & Remuneration Committee of Directors is constituted in accordance with the requirements of Section 178 of the Companies Act, 2013.

The Company strives to maintain an appropriate combination of executive, non-executive and Independent Directors. In terms of provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee considers and recommends the Board on appointment and remuneration of Directors and Key Managerial Personnel and the Company's Nomination and Remuneration Policy is enclosed as **"Annexure - C"**.

3. Stakeholders Relationship Committee

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors has constituted the Stakeholders Relationship Committee, details of which are given in the Corporate Governance Report.

The Company Secretary acts as the secretary to the Committee.

4. Corporate Social Responsibility Committee

As per the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee and the Board of Directors of the Company has approved CSR Policy based on the recommendations of the CSR Committee.

The CSR Policy is available on the Company's website and can be accessed through www.aartidrugs.com.

Your Company actively contributes to the following segments-

i. Education & Skill Development

ii. Environment

iii. Rehabilitation in Disaster Affected areas

i. Education & Skill Development

Your Company through own trusts Aarti Foundation & Dhanvallabh Charitable Trust and various other NGO's has been doing work in this segments. In addition to this year Company provides direct help to schools located nearby all its manufacturing facilities by way of constructing schools, grant/aid for fees etc.

ii. Environment

Your Company has entered into an agreement with The Governor, Government of Maharashtra through Deputy Conservator of Forest, Dahanu Forest Division, Dahanu through local NGO M/s. Sudha Pratishthan, Masvan, Palghar to participate and assist Government in implementing Afforestation Programme in the degraded forest land of Dahanu Forest Division spread over 100 Hectares Government Land over a period of 7 years.

iii. Rehabilitation in Disaster Affected areas

Aarti Drugs which holds an expertise of working in collaboration with the government and local NGOs has carried out rehabilitation in drought affected areas of Aurangabad through Shree Siddhivinayak Sevabhavi.

In addition to above, your Company participates into a spectrum of CSR activities evolving around the general up-liftment of the economically backward class of people. Your Company also makes active contribution to various local NGOs to assist in the relief measures in the affected areas.

During the year, the Company has spent ₹ 175.38 lakhs on CSR activities.

The Annual Report on CSR activities is annexed as **"Annexure - D"** and forms an integral part of the Report.

5. **Vigil Mechanism/Whistle Blower Policy**

The Company has a vigil mechanism/whistle blower policy to deal with instance of fraud and mismanagement. The details of the said policy is explained in the Corporate Governance Report and also posted on the website of the Company, viz. www.aartidrugs.com.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

CORPORATE GOVERNANCE

A separate section on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance, forms a part of this Annual Report, as per SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report as required under the provisions of SEBI Regulations, 2015 is annexed hereto forming part of this Report.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134(3)(m) of the Companies Act, 2013 and rules framed thereunder is enclosed herewith as **"Annexure - E"**.

STATUTORY AUDITORS

At the Annual General Meeting held on 11th July, 2014, M/s. Gokhale & Sathe, Chartered Accountants (Firm Regn. No. 103264W) were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Thirty Second Annual General Meeting (AGM).

In terms of the provisions of the Companies Act, 2013, it is necessary to get the appointment ratified by the shareholders in every Annual General Meeting until the expiry of the period of original appointment.

In this regard, the Company has received a certificate from the Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of the Section 141 of the Companies Act, 2013.

In view of the above, the Board of Directors recommends your ratification of the appointment of M/s. Gokhale & Sathe, Chartered Accountants (Firm Regn. No. 103264W) as the Statutory Auditors as mentioned in the Notice convening AGM.

There are no qualifications, reservation or adverse remarks or disclaimers made by the Statutory Auditors in their Audit Report.

COST AUDIT

The Cost Auditor Mr. Girikrishna S. Maniar was re-appointed by the Company under Section 148 of the Companies Act, 2013 and he attended the Audit Committee Meeting, where Cost Audit Reports was discussed.

The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended 31st March, 2015 was 30th September, 2015 and the Cost Audit Reports were filed by the Cost Auditor on 15th January, 2016. The due date for filing the Cost Audit Reports for the financial year ended 31st March, 2016 is 30th September, 2016.

The Company is seeking the ratification of the remuneration to be paid to Mr. Girikrishna S. Maniar, Cost Auditor of the Company in respect of Cost Audit for the financial year ending 31st March, 2017 as mentioned in the Notice convening AGM.

SECRETARIAL AUDITOR

The Secretarial Audit Report for the financial year ended 31st March, 2016 issued by CS Sunil M. Dedhia of Sunil M. Dedhia & Co., Practicing Company Secretaries, Secretarial Auditor is annexed as **"Annexure - F"**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

PARTICULARS OF EMPLOYEES

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **"Annexure - G"**. However, as per the provisions of the Section 136(1) of the Companies Act, 2013, this Report is sent to the shareholders excluding the said information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

HUMAN RESOURCES ENVIRONMENT & SAFETY

Your Company recognizes its human resources as one of its prime & critical resources. The relations between the Management and the Staff Members remained very cordial throughout the year under review. As on 31st March, 2016 the Company had 1072 permanent employees at its manufacturing plants and administrative office.

The Company has constituted an Internal Complaint Committee pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for prevention, prohibition or redressal of complaints/grievances on the sexual harassment of women at work places.

Your Directors further states that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

GREEN INITIATIVE

Your Company has adopted green initiative to minimize the impact on the environment. The Company has been circulating the copy of the Annual Report in electronic format to all those members whose email addresses are registered with the Company. Your Company appeals other members also to register themselves for receiving Annual Report in electronic form.

ACKNOWLEDGEMENT

We place on record our sincere Green appreciation to the employees of the Company at all levels for their co-operation and dedicated services. We also thank all our 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.

For and on behalf of the Board of Directors
of Aarti Drugs Limited

Sd/-

Prakash M. Patil
Chairman & Managing Director
DIN: 00005618

Place: Mumbai
Date: 5th May, 2016

ANNEXURE - A

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	:	L37060MH1984PLC055433
(ii)	Registration Date	:	28th September, 1984
(iii)	Name of the Company	:	AARTI DRUGS LIMITED
(iv)	Category/Sub-Category of the Company	:	Public Company Limited by Shares
(v)	Address of the Registered Office and Contact Details	:	Plot No 198, M.I.D.C., Tarapur, Village Pamtermbhi, Dist. Palghar - 401 506, Maharashtra Tel: 022-24072249 / 24019025 E-mail: investorrelations@aartidrugs.com
(vi)	Whether Listed Company	:	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	M/s. Link Intime India Private Limited, C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai - 400 078, Maharashtra. Tel: 022-25946970 Email: rnthelpdesk@linktime.co.in Website: www.linktime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
Pharmaceuticals	21001 and 21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Pinnacle Life Science Pvt. Ltd.	U24232HP2003PTC030912	Subsidiary	100%	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Sr. No.	Category of Shareholder	No. of shares held at the beginning of the year (As on 1st April, 2015)				No. of shares held at the end of the year (As on 31st March, 2016)				% change during the year
		Physical	Demat	Total	% of Total shares	Physical	Demat	Total	% of Total shares	
(A)	**Promoter**									
	(1) Indian									
	(a) Individual/HUF	–	12788632	12788632	52.81	–	12685892	12685892	52.38	-0.43
	(b) Central/State Govt.	–	–	–	–	–	–	–	–	–
	(c) Bodies Corporate	–	1765732	1765732	7.29	–	2310944	2310944	9.55	2.26
	(d) Financial Inst./Banks	–	–	–	–	–	–	–	–	–
	(e) Any Other (Specify)	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(1)	**–**	**14554364**	**14554364**	**60.10**	**–**	**14996836**	**14996836**	**61.93**	**1.83**
	(2) Foreign	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	Total holding of Promoter (A)=(A)(1)+(A)(2)	**–**	**14554364**	**14554364**	**60.10**	**–**	**14996836**	**14996836**	**61.93**	**1.83**
(B)	**Public Shareholding**									
	(1) Institutions									
	(a) Mutual Funds	–	433534	433534	1.79	–	880776	880776	3.64	1.85
	(b) Financial Institutions/Banks	–	8853	8853	0.04	–	15409	15409	0.06	0.02
	(c) Central/State Govt.	–	–	–	–	–	–	–	–	–
	(d) Venture Capital Funds	–	–	–	–	–	–	–	–	–
	(e) Foreign Institutional Investors	–	75486	75486	0.31	–	18999	18999	0.08	-0.23
	(f) Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
	(g) Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
	(h) Any other (Specify)									
	i. Foreign Portfolio Investor	–	–	–	–	–	24026	24026	0.10	0.10
	Sub-Total (B)(1)	**–**	**517873**	**517873**	**2.14**	**–**	**939210**	**939210**	**3.88**	**1.74**

i) Category-wise Shareholding (Contd.)

Sr. No.	Category of Shareholder	No. of shares held at the beginning of the year (As on 1st April, 2015)				No. of shares held at the end of the year (As on 31st March, 2016)				% change during the year
		Physical	Demat	Total	% of Total shares	Physical	Demat	Total	% of Total shares	
	(2) Non Institutions									
	(a) Bodies Corporate	5802	350484	356286	1.47	5802	225010	230812	0.95	-0.52
	(b) Individuals									
	(i) Holding nominal share capital upto ₹ 1 lakh	583460	3126432	3709892	15.32	527375	3342655	3870030	15.98	0.66
	(ii) Holding nominal share capital in excess of ₹ 1 lakh	22000	4922274	4944274	20.42	22000	4037265	4059265	16.76	-3.66
	(c) Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
	(d) Any Other (Specify)									
	i. Non-Resident	–	109461	109461	0.45	–	96797	96797	0.40	-0.05
	ii. Foreign Bodies/OCB	–	–	–	–	–	–	–	–	–
	iii. Trust	–	–	–	–	–	–	–	–	–
	iv. Unclaimed Suspense Account	–	24950	24950	0.10	–	24150	24150	0.10	–
	Sub-Total (B)(2)	**611262**	**8533601**	**9144863**	**37.76**	**555177**	**7725877**	**8281054**	**34.20**	**-3.57**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**611262**	**9051474**	**9662736**	**39.90**	**555177**	**8665087**	**9220264**	**38.07**	**-1.83**
	TOTAL (A)+(B)	**611262**	**23605838**	**24217100**	**100**	**555177**	**23661923**	**24217100**	**100**	**0.00**
(C)	**Shares held by Custodian for GDRs & ADRs**	–	–	–	–	–	–	–	–	–
	GRAND TOTAL (A)+(B)+(C)	**611262**	**23605838**	**24217100**	**100**	**555177**	**23661923**	**24217100**	**100**	**0.00**

ii) SHAREHOLDING OF PROMOTERS

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Aarti Industries Ltd	500118	2.07	–	500118	2.07	–	–
2	Aarti Rajendra Gogri	362514	1.50	–	282514	1.17	–	-0.33
3	Aashay Rashesh Gogri	183766	0.76	–	183766	0.76	–	–
4	Adhish P. Patil	283444	1.17	–	283444	1.17	–	–
5	Alchemie Financial Services Ltd	9858	0.04	–	9858	0.04	–	–
6	Alchemie Finserv Pvt. Ltd.	466234	1.93	–	466234	1.93	–	–
7	Arun Moreshwar Patil	16236	0.07	–	16236	0.07	–	–
8	Bhoomi Harshit Savla	255312	1.05	–	255312	1.05	–	–
9	Chandrakant Vallabhji Gogri	695980	2.87	–	695980	2.87	–	–
10	Dhanvanti Vallabhji Gogri	5946	0.02	–	–	–	–	-0.02
11	Gogri Finserv Pvt. Ltd.	785972	3.25	–	785972	3.25	–	–
12	Harshit Manilal Savla	1019184	4.21	–	1019184	4.21	–	–
13	Hetal Gogri Gala	812166	3.35	–	806966	3.33	–	-0.02
14	Indira Madan Dedhia	47062	0.19	–	47062	0.19	–	–
15	Jay Manilal Savla	117440	0.48	–	107440	0.44	–	-0.04
16	Jay Savla (Trustee - Momi's Trust)	–	–	–	545212	2.25	–	2.25
17	Jaya Chandrakant Gogri	778838	3.22	–	778838	3.22	–	–
18	Jigna Hiren Shah	112662	0.47	–	108662	0.45	–	-0.02
19	Manilal Popatlal Savla	8000	0.03	–	8000	0.03	–	–
20	Manisha Rashesh Gogri	50050	0.21	–	50050	0.21	–	–
21	Mirik Rajendra Gogri	651914	2.69	–	651914	2.69	–	–
22	Prakash M Patil (HUF)	43196	0.18	–	43196	0.18	–	–
23	Prakash Moreshwar Patil	2046632	8.45	–	2061619	8.51	–	0.06
24	Priti Prakash Patil	1075442	4.44	–	1075442	4.44	–	–
25	Rajendra Vallabhji Gogri	826048	3.41	–	826048	3.41	–	–
26	Rashesh Chandrakant Gogri	1123532	4.64	–	1123532	4.64	–	–
27	Renil Rajendra Gogri	878260	3.63	–	878260	3.63	–	–
28	Rupal Drugs LLP	3550	0.01	–	3550	0.01	–	–
29	Seema Harshit Savla	883166	3.65	–	883235	3.65	–	–
30	Sushila Manilal Savla	237282	0.98	–	227282	0.94	–	-0.04
31	Uday Moreshwar Patil	12600	0.05	–	12600	0.05	–	–
32	Vishwa Harshit Savla	259210	1.07	–	259310	1.07	–	–
	Total	**14551614**	**60.10**	**–**	**14996836**	**61.93**	**–**	**1.83**

iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	**Aarti Industries Limited**				
	At the beginning of the year	500118	2.07	500118	2.07
	Date wise increase/decrease in Promoter Shareholding	–	–	500118	2.07
	At the end of the year	500118	2.07	500118	2.07
2.	**Aarti Rajendra Gogri**				
	At the beginning of the year	362514	1.50	362514	1.50
	10.07.2015 – Sale	-23000	-0.09	339514	1.40
	17.07.2015 – Sale	-14794	-0.06	324720	1.34
	24.07.2015 – Sale	-42206	-0.17	282514	1.17
	At the end of the year	282514	1.17	282514	1.17
3.	**Aashay Rashesh Gogri**				
	At the beginning of the year	183766	0.76	183766	0.76
	Date wise increase/decrease in Promoter Shareholding	–	–	183766	0.76
	At the end of the year	183766	0.76	183766	0.76
4.	**Adhish P. Patil**				
	At the beginning of the year	283444	1.17	283444	1.17
	Date wise increase/decrease in Promoter Shareholding	–	–	283444	1.17
	At the end of the year	283444	1.17	283444	1.17
5.	**Alchemie Financial Services Limited**				
	At the beginning of the year	9858	0.04	9858	0.04
	Date wise increase/decrease in Promoter Shareholding	–	–	9858	0.04
	At the end of the year	9858	0.04	9858	0.04
6.	**Alchemie Finserv Pvt. Ltd.**				
	At the beginning of the year	466234	1.93	466234	1.93
	Date wise increase/decrease in Promoter Shareholding	–	–	466234	1.93
	At the end of the year	466234	1.93	466234	1.93
7.	**Arun Moreshwar Patil**				
	At the beginning of the year	16236	0.07	16236	0.07
	Date wise increase/decrease in Promoter Shareholding	–	–	16236	0.07
	At the end of the year	16236	0.07	16236	0.07
8.	**Bhoomi Harshit Savla**				
	At the beginning of the year	255312	1.05	255312	1.05
	Date wise increase/decrease in Promoter Shareholding	–	–	255312	1.05
	At the end of the year	255312	1.05	255312	1.05
9.	**Chandrakant Vallabhji Gogri**				
	At the beginning of the year	695980	2.87	695980	2.87
	Date wise increase/decrease in Promoter Shareholding	–	–	695980	2.87
	At the end of the year	695980	2.87	695980	2.87
10.	**Dhanvanti Vallabhji Gogri**				
	At the beginning of the year	5946	0.02	5946	0.02
	10.04.2015 – Sale	-5946	-0.02	–	–
	At the end of the year	–	–	–	–
11.	**Gogri Finserv Pvt. Ltd.**				
	At the beginning of the year	785972	3.25	785972	3.25
	Date wise increase/decrease in Promoter Shareholding	–	–	785972	3.25
	At the end of the year	785972	3.25	785972	3.25

iii) CHANGE IN PROMOTERS' SHAREHOLDING (Contd.)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
12.	**Harshit Manilal Savla**				
	At the beginning of the year	1019184	4.21	1019184	4.21
	Date wise increase/decrease in Promoter Shareholding	–	–	1019184	4.21
	At the end of the year	1019184	4.21	1019184	4.21
13.	**Hetal Gogri Gala**				
	At the beginning of the year	812166	3.35	812166	3.35
	10.07.2015 – Sale	-5200	-0.02	806966	3.33
	At the end of the year	806966	3.33	806966	3.33
14.	**Indira Madan Dedhia**				
	At the beginning of the year	47062	0.19	47062	0.19
	Date wise increase/decrease in Promoter Shareholding	–	–	47062	0.19
	At the end of the year	47062	0.19	47062	0.19
15.	**Jay Manilal Savla**				
	At the beginning of the year	117440	0.48	117440	0.48
	17.04.2015 – Sale	-10000	-0.04	107440	0.44
	At the end of the year	107440	0.44	107440	0.44
16.	**Jay Savla (Nominee of Momi's Trust)**				
	At the beginning of the year	–	–	–	–
	31.07.2015 – Purchase	545212	2.25	545212	2.25
	At the end of the year	545212	2.25	545212	2.25
17.	**Jaya Chandrakant Gogri**				
	At the beginning of the year	778838	3.22	778838	3.22
	Date wise increase/decrease in Promoter Shareholding	–	–	778838	3.22
	At the end of the year	778838	3.22	778838	3.22
18.	**Jigna Hiren Shah**				
	At the beginning of the year	112662	0.47	112662	0.47
	10.04.2015 – Sale	-4000	-0.02	108662	0.45
	At the end of the year	108662	0.45	108662	0.45
19.	**Manilal Popatlal Savla**				
	At the beginning of the year	8000	0.03	8000	0.03
	Date wise increase/decrease in Promoter Shareholding	–	–	8000	0.03
	At the end of the year	8000	0.03	8000	0.03
20.	**Manisha Rashesh Gogri**				
	At the beginning of the year	50050	0.21	50050	0.21
	Date wise increase/decrease in Promoter Shareholding	–	–	50050	0.21
	At the end of the year	50050	0.21	50050	0.21
21.	**Mirik Rajendra Gogri**				
	At the beginning of the year	651914	2.69	651914	2.69
	Date wise increase/decrease in Promoter Shareholding	–	–	651914	2.69
	At the end of the year	651914	2.69	651914	2.69
22.	**Prakash M. Patil (HUF)**				
	At the beginning of the year	43196	0.18	43196	0.18
	Date wise increase/decrease in Promoter Shareholding	–	–	43196	0.18
	At the end of the year	43196	0.18	43196	0.18

iii) CHANGE IN PROMOTERS' SHAREHOLDING (Contd.)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
23.	**Prakash Moreshwar Patil**				
	At the beginning of the year	2046632	8.45	2046632	8.45
	22.01.2016 – Purchase	4050	0.02	2050682	8.47
	12.02.2016 – Purchase	4000	0.02	2054682	8.49
	26.02.2016 – Purchase	6937	0.03	2061619	8.51
	At the end of the year	2061619	8.51	2061619	8.51
24.	**Priti Prakash Patil**				
	At the beginning of the year	1075442	4.44	1075442	4.44
	Date wise increase/decrease in Promoter Shareholding	–	–	1075442	4.44
	At the end of the year	1075442	4.44	1075442	4.44
25.	**Rajendra Vallabhji Gogri**				
	At the beginning of the year	826048	3.41	826048	3.41
	Date wise increase/decrease in Promoter Shareholding	–	–	826048	3.41
	At the end of the year	826048	3.41	826048	3.41
26.	**Rashesh Chandrakant Gogri**				
	At the beginning of the year	1123532	4.64	1123532	4.64
	Date wise increase/decrease in Promoter Shareholding	–	–	1123532	4.64
	At the end of the year	1123532	4.64	1123532	4.64
27.	**Renil Rajendra Gogri**				
	At the beginning of the year	878260	3.63	878260	3.63
	Date wise increase/decrease in Promoter Shareholding	–	–	878260	3.63
	At the end of the year	878260	3.63	878260	3.63
28.	**Rupal Drugs LLP**				
	At the beginning of the year	3550	0.01	3550	0.01
	Date wise increase/decrease in Promoter Shareholding	–	–	3550	0.01
	At the end of the year	3550	0.01	3550	0.01
29.	**Seema Harshit Savla**				
	At the beginning of the year	883166	3.65	883166	3.65
	17.04.2015 – Purchase	69	–	883235	3.65
	At the end of the year	883235	3.65	883235	3.65
30.	**Sushila Manilal Savla**				
	At the beginning of the year	237282	0.98	237282	0.98
	17.04.2015 – Sale	-10000	-0.04	227282	0.94
	At the end of the year	227282	0.94	227282	0.94
31.	**Uday Moreshwar Patil**				
	At the beginning of the year	12600	0.05	12600	0.05
	Date wise increase/decrease in Promoter Shareholding	–	–	12600	0.05
	At the end of the year	12600	0.05	12600	0.05
32.	**Vishwa Harshit Savla**				
	At the beginning of the year	259210	1.07	259210	1.07
	11.03.2016 – Purchase	100	–	259310	1.07
	At the end of the year	259310	1.07	259310	1.07

iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	**DSP Blackrock Micro Cap Fund**				
	At the beginning of the year	294243	1.22	294243	1.22
	08.05.2015 – Purchase	9722	0.04	303965	1.26
	15.05.2015 – Purchase	7191	0.03	311156	1.28
	19.06.2015 – Purchase	31806	0.13	342962	1.42
	21.08.2015 – Purchase	27732	0.11	370694	1.53
	28.08.2015 – Purchase	49319	0.20	420013	1.73
	04.09.2015 – Purchase	11661	0.05	431674	1.78
	11.09.2015 – Purchase	37437	0.15	469111	1.94
	18.09.2015 – Purchase	7877	0.03	476988	1.97
	25.09.2015 – Purchase	14772	0.06	491760	2.03
	09.10.2015 – Purchase	8114	0.03	499874	2.06
	20.11.2015 – Purchase	8671	0.04	508545	2.10
	11.12.2015 – Purchase	5294	0.02	513839	2.12
	18.12.2015 – Purchase	930	–	514769	2.13
	31.12.2015 – Purchase	693	–	515462	2.13
	15.01.2016 – Purchase	32153	0.13	547615	2.26
	22.01.2016 – Purchase	23311	0.10	570926	2.36
	29.01.2016 – Purchase	1250	0.01	572176	2.36
	19.02.2016 – Purchase	23057	0.10	595233	2.46
	26.02.2016 – Purchase	1167	–	596400	2.46
	At the end of the year	596400	2.46	596400	2.46
2.	**Jayshree Harit Shah**				
	At the beginning of the year	296356	1.22	296356	1.22
	23.10.2015 – Purchase	104000	0.43	400356	1.65
	At the end of the year	400356	1.65	400356	1.65
3.	**DSP Blackrock 3 Years Close Ended Equity Fund**				
	At the beginning of the year	139291	0.58	139291	0.58
	08.05.2015 – Purchase	1124	–	140415	0.58
	15.05.2015 – Purchase	1242	0.01	141657	0.58
	21.08.2015 – Purchase	8212	0.03	149869	0.62
	28.08.2015 – Purchase	19528	0.08	169397	0.70
	04.09.2015 – Purchase	6410	0.03	175807	0.73
	11.09.2015 – Purchase	35980	0.15	211787	0.87
	18.09.2015 – Purchase	11362	0.05	223149	0.92
	25.09.2015 – Purchase	17236	0.07	240385	0.99
	06.11.2015 – Purchase	91	–	240476	0.99
	13.11.2015 – Purchase	4	–	240480	0.99
	20.11.2015 – Purchase	2706	0.01	243186	1.00
	11.12.2015 – Purchase	1083	–	244269	1.01
	18.12.2015 – Purchase	191	–	244460	1.01
	31.12.2015 – Purchase	311	–	244771	1.01
	15.01.2016 – Purchase	8868	0.04	253639	1.05
	22.01.2016 – Purchase	11217	0.05	264856	1.09
	29.01.2016 – Purchase	6329	0.03	271185	1.12
	05.02.2016 – Purchase	6411	0.03	277596	1.15
	19.02.2016 – Purchase	6769	0.03	284365	1.17
	26.02.2016 – Purchase	11	–	284376	1.17
	At the end of the year	284376	1.17	284376	1.17
4.	**Seetha Kumari**				
	At the beginning of the year	261849	1.08	261849	1.08
	24.04.2015 – Sale	-8519	-0.04	253330	1.05
	31.07.2015 – Sale	-18847	-0.08	234483	0.97
	07.08.2015 – Sale	-13224	-0.05	221259	0.91
	14.08.2015 – Purchase	12418	0.05	233677	0.96
	At the end of the year	233677	0.96	233677	0.96

iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)

Sr. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
5.	**Samir Pragji Shah**				
	At the beginning of the year	218940	0.90	218940	0.90
	10.04.2015 – Sale	-5500	-0.02	213440	0.88
	17.04.2015 – Sale	-500	–	212940	0.88
	08.05.2015 – Sale	-1000	–	211940	0.88
	22.05.2015 – Sale	-1449	-0.01	210491	0.87
	10.07.2015 – Sale	-500	–	209991	0.87
	17.07.2015 – Sale	-500	–	209491	0.87
	24.07.2015 – Sale	-1500	-0.01	207991	0.86
	28.08.2015 – Sale	-500	–	207491	0.86
	11.09.2015 – Sale	-500	–	206991	0.85
	18.09.2015 – Sale	-958	–	206033	0.85
	25.09.2015 – Sale	-2200	-0.01	203833	0.84
	30.09.2015 – Sale	-2021	-0.01	201812	0.83
	09.10.2015 – Sale	-4895	-0.02	196917	0.81
	16.10.2015 – Sale	-500	–	196417	0.81
	23.10.2015 – Sale	-1217	-0.01	195200	0.81
	30.10.2015 – Sale	-3041	-0.01	192159	0.79
	06.11.2015 – Sale	-1903	-0.01	190256	0.79
	27.11.2015 – Sale	-1400	-0.01	188856	0.78
	31.12.2015 – Sale	-1779	-0.01	187077	0.77
	08.01.2016 – Sale	-300	–	186777	0.77
	29.01.2016 – Sale	-300	–	186477	0.77
	05.02.2016 – Sale	-200	–	186277	0.77
	04.03.2016 – Sale	-300	–	185977	0.77
	11.03.2016 – Sale	-801	–	185176	0.76
	At the end of the year	185176	0.76	185176	0.76
6.	**Rinku Parimal Desai**				
	At the beginning of the year	159532	0.66	159532	0.66
	Date wise increase/decrease in Promoter Shareholding	–	–	159532	0.66
	At the end of the year	159532	0.66	159532	0.66
7.	**Nikhil Parimal Desai**				
	At the beginning of the year	146916	0.61	146916	0.61
	17.04.2015 – Sale	-500	–	146416	0.60
	17.07.2015 – Sale	-2400	-0.01	144016	0.59
	At the end of the year	144016	0.59	144016	0.59
8.	**Mulraj Chandulal Gala**				
	At the beginning of the year	139552	0.58	139552	0.58
	11.09.2015 – Purchase	1500	0.01	141052	0.58
	27.11.2015 – Sale	-448	–	140604	0.58
	At the end of the year	140604	0.58	140604	0.58
9.	**Liza Nemjee Savla**				
	At the beginning of the year	140000	0.58	140000	0.58
	Date wise increase/decrease in Promoter Shareholding	–	–	140000	0.58
	At the end of the year	140000	0.58	140000	0.58
10.	**Gopikishan S. Damani**				
	At the beginning of the year	186000	0.77	186000	0.77
	28.08.2015 – Sale	-57000	-0.24	129000	0.53
	11.09.2015 – Sale	-129000	-0.53	–	–
	16.10.2015 – Purchase	24700	0.10	24700	0.10
	30.10.2015 – Purchase	53116	0.22	77816	0.32
	At the end of the year	77816	0.32	77816	0.32

v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sr. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	**Prakash Moreshwar Patil**				
	At the beginning of the year	2046632	8.45	2046632	8.45
	22.01.2016 – Purchase	4050	0.02	2050682	8.47
	12.02.2016 – Purchase	4000	0.02	2054682	8.49
	26.02.2016 – Purchase	6937	0.03	2061619	8.51
	At the end of the year	2061619	8.51	2061619	8.51
2.	**Rashesh Chandrakant Gogri**				
	At the beginning of the year	1123532	4.64	1123532	4.64
	Date wise increase/decrease in Promoter Shareholding	–	–	1123532	4.64
	At the end of the year	1123532	4.64	1123532	4.64
3.	**Harshit Manilal Savla**				
	At the beginning of the year	1019184	4.21	1019184	4.21
	Date wise increase/decrease in Promoter Shareholding	–	–	1019184	4.21
	At the end of the year	1019184	4.21	1019184	4.21
4.	**Harit Pragji Shah**				
	At the beginning of the year	760572	3.14	760572	3.14
	Date wise increase/decrease in Promoter Shareholding	–	–	760572	3.14
	At the end of the year	760572	3.14	760572	3.14
5.	**Rajendra Vallabhji Gogri**				
	At the beginning of the year	826048	3.41	826048	3.41
	Date wise increase/decrease in Promoter Shareholding	–	–	826048	3.41
	At the end of the year	826048	3.41	826048	3.41
6.	**Uday Moreshwar Patil**				
	At the beginning of the year	12600	0.05	12600	0.05
	Date wise increase/decrease in Promoter Shareholding	–	–	12600	0.05
	At the end of the year	12600	0.05	12600	0.05
7.	**Ramdas Maneklal Gandhi**				
	At the beginning of the year	8000	0.03	8000	0.03
	Date wise increase/decrease in Promoter Shareholding	–	–	8000	0.03
	At the end of the year	8000	0.03	8000	0.03
8.	**CA Navin C. Shah**				
	At the beginning of the year	2376	–	2376	–
	Date wise increase/decrease in Promoter Shareholding	–	–	2376	–
	At the end of the year	2376	–	2376	–
9.	**Dr. Vilas G. Gaikar**				
	At the beginning of the year	–	–	–	–
	Date wise increase/decrease in Promoter Shareholding	–	–	–	–
	At the end of the year	–	–	–	–
10.	**Prof. K. G. Akamanchi**				
	At the beginning of the year	–	–	–	–
	Date wise increase/decrease in Promoter Shareholding	–	–	–	–
	At the end of the year	–	–	–	–
11.	**CA Bhavesh R. Vora**				
	At the beginning of the year	–	–	–	–
	Date wise increase/decrease in Promoter Shareholding	–	–	–	–
	At the end of the year	–	–	–	–
12.	**CA Priti P. Savla**				
	At the beginning of the year	–	–	–	–
	Date wise increase/decrease in Promoter Shareholding	–	–	–	–
	At the end of the year	–	–	–	–
13.	**Adhish Prakash Patil**				
	At the beginning of the year	283444	1.17	283444	1.17
	Date wise increase/decrease in Promoter Shareholding	–	–	283444	1.17
	At the end of the year	283444	1.17	283444	1.17
14.	**Mr. Vibhav S. Ranade**				
	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
	Date wise increase/decrease in Promoter Shareholding	–	–	–	–
	At the end of the year	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Sr. No.	Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
1	Principal Amount	33,191.72	10,282.52	–	43,474.24
2	Interest due but not paid	–	–	–	–
3	Interest accrued but not due	126.74	168.61	–	295.35
	Total (1+2+3)	33,318.46	10,451.13	–	43,769.59
Change in Indebtedness during the financial year					
1	Addition	4,923.75	94.00	–	5,017.75
2	Reduction	2,906.06	–	–	2,906.06
3	Net Change	2,017.69	94.00	–	2,111.69
Indebtedness at the end of the financial year					
1	Principal Amount	34,294.70	12,189.61	–	46,484.32
2	Interest due but not paid	–	–	–	–
3	Interest accrued but not due	109.07	175.13	–	284.20
	Total (1+2+3)	34,403.78	12,364.74	–	46,768.52

VI. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager					Total Amount
		Shri Prakash M. Patil **CMD**	Shri Rashesh C. Gogri **MD**	Shri Harshit M. Savla **JT. MD**	Shri Harit P. Shah **WTD**	Shri Uday M. Patil **WTD**	
1.	Gross salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	67.27	58.30	58.30	58.30	6.38	248.55
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	–	–	–	–	–	–
2.	Stock Option	–	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–	–
4.	Commission – as % of profit – others	48.62	48.62	48.62	48.62	–	194.48
5.	Others, please specify	–	–	–	–	–	–
	TOTAL (A)	115.89	106.92	106.92	106.92	6.38	443.03

B. REMUNERATION OF OTHER DIRECTOR

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
1.	Independent Directors	Shri Ramdas M. Gandhi	CA Bhavesh R. Vora	Prof. K. G. Akamanchi	Dr. Vilas G. Gaikar	CA Navin C. Shah	CA Priti P. Savla	
	• Fee for attending board committee meetings	1.34	1.16	0.50	0.40	1.10	0.60	5.10
	• Commission	–	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–	–
	Total (1)	1.34	1.16	0.50	0.40	1.10	0.60	5.10
2.	Other Non-Executive Directors	Shri Rajendra R. Gogri	–	–	–	–	–	–
	• Fee for attending board committee meetings	0.60	–	–	–	–	–	0.60
	• Commission	–	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–	–
	Total (2)	0.60	–	–	–	–	–	0.60
	Total Managerial Remuneration Total (B)=(1+2)	1.94	1.16	0.50	0.40	1.10	0.60	5.70

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				
		Shri Prakash M. Patil **CEO**	Shri Adhish P. Patil **CFO**	Shri Sunny D. Pagare **CS** (resigned w.e.f. 01.12.2015)	Shri Vibhav S. Ranade **CS** (appointed w.e.f. 22.02.2016)	Total
1.	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	67.27	29.55	5.21	0.38	102.41
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–	–
2.	Stock Option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission – as % of profit – others, specify	48.62	–	–	–	48.62
5.	Others, please specify	–	–	–	–	–
	Total	115.89	29.55	5.21	0.38	151.03

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

During the year no such instances of Penalty/Punishment/Compounding Fees imposed by any authorities on the Company/Directors/other Officers in default.

ANNEXURE - B

FORM AOC - 1

[Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014]

STATEMENT CONTAINING SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES

PART "A" : SUBSIDIARIES

(₹ in Lakhs except % of shareholding)

Sr. No.	Name of Subsidiary Company	Reporting Period	Reporting Currency & Exchange Rate as on the last date of the relevant financial year in the case of foreign subsidiary	Share capital	Reserve & surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Proposed Dividend	% of Shareholding
1.	Pinnacle Life Science Pvt. Ltd.	01.04.2015 - 31.03.2016	INR	778.28	580.50	6695.68	6695.68	0.50	8584.07	245.73	–	–	100%

For and on behalf of Board of Directors of Aarti Drugs Limited

Sd/-
Prakash M. Patil
Chairman & Managing Director
DIN: 00005618

Sd/-
Harshit M. Savla
Jt. Managing Director
DIN: 00005340

Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
Vibhav S. Ranade
Company Secretary

Place : Mumbai
Date : 5th May, 2016

ANNEXURE - C

NOMINATION AND REMUNERATION POLICY OF AARTI DRUGS LIMITED

NOMINATION POLICY OF AARTI DRUGS LIMITED

This Policy on Director's Nominations (the "Policy") describes the process by which candidates for possible inclusion in the Company (the "Candidates") are selected. The Policy is established and administered by the Nomination and Remuneration Committee (the "Committee") of AARTI DRUGS LIMITED (the "Company").

1) BOARD MEMBERSHIP CRITERIA

The Committee's charter provides that the Committee is responsible for, among other things, identifying individuals qualified to become members of the Company's Board of Directors (the "Board") and selecting, or recommending to the Board, the nominees to stand for election as directors.

A. GENERAL QUALIFICATIONS:

When evaluating a person for nomination for election to the Board or at senior management level, the qualifications and skills considered by the Committee, will include, but are not limited to:

- whether the person is qualified under applicable laws and regulations to serve as a director of the Company;
- whether or not the person is willing to serve as a Director or at senior management level and willing to commit the time necessary for the performance of the duties of a Director;
- the contribution that the person can make to the Board or at senior management, with consideration being given to the person's business experience, education and such other factors as the Board may consider relevant;
- whether a candidate contributes to the Board's overall diversity with diversity being broadly construed to mean a variety of personal and professional experiences and education;
- opinions, perspectives and backgrounds;
- the character and integrity of the person;
- The extent to which the person demonstrates a long-term and strategic perspective and
- the extent to which the person possesses pertinent technological, political, business, financial or social/ cultural expertise and experience.

The Committee is of the view that the continuing service of qualified incumbents promotes stability and continuity in the board room or at senior management level, contributing to the Board's ability to work as a collective body, while giving the Company the benefit of the familiarity and insight into the Company's affairs that its directors have accumulated during their tenure. Accordingly, the process of the Committee for identifying nominees shall reflect the Company's practice of re-nominating incumbent directors or persons at senior level management who continue to satisfy the Committee's criteria for membership on the Board or at senior management level, whom the Committee believes continue to make important contributions to the Board and who consent to continue their service on the Board.

B. SOURCES OF INQUIRY:

The Committee may use multiple sources for identifying director candidates, including its own contacts and referrals from other Directors, members of management, the Company's advisors, and executive search firms.

In making recommendations for Director Nominees for the annual meeting of shareholders the Committee will consider any written recommendations of director candidates by shareholders received by the Secretary of the Company. No person nominated by a shareholder will be eligible to serve as a director of the Company unless nominated in accordance with the procedures set forth in such Nomination policy.

This Nomination Policy is intended to provide a flexible set of guidelines for the effective functioning of the Company's nomination process. The Board of Directors anticipates that modifications may be necessary or appropriate from time to time as the Company's needs and circumstances evolve and as applicable legal or listing standards change.

2) EVALUATION CRITERIA:

The Committee shall evaluate the performance of the directors on the basis of the following criteria:

- Accomplishment of the organization's mission, objectives and strategic results for which the Director is responsible;
- Adherence to operational policies approved by the board;
- Insuring that the board is well informed on issues affecting the continuing relevance of the mission and the performance and reputation of the Society

Evidence of Performance

The Board and Director will agree in advance on how information on the above criteria will be collected and provided. The means of gathering this information or demonstrating accomplishment will include:

1) Reports from the Director on progress towards the mission and objectives of the organization and current strategic goals.

The Executive Director's regular reports to the Board will be included.

The Board and Executive Director will agree in advance on the specific performance indicators, which will include:

- Changes in the community to which the organization has contributed;
- Improvements in lives of clients or consumers;
- Improvements in shareholders Net-worth;
- Internal organizational improvements (e.g. increased capacity, Financial Results etc.)

2) Monitoring reports from the Director on the implementation of and adherence to operational policies.

- These reports will be formally requested by the Board.
- The board will select two or three specific policies it is interested in examining in each evaluation period

3) Independent verification and other data gathered by the Committee in relation to the implementation of operational policies.

- The Committee may want to interview selected clients, staff, key stakeholders, funders and suppliers and inspect specific records.
- Regular client or customer feedback mechanisms (e.g. satisfaction surveys) are valuable as management and governance tools, as well as being employed in the evaluation of the executive director.

REMUNERATION POLICY OF AARTI DRUGS LIMITED

BACKGROUND:

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that Shareholders remain informed and confident in the management of the Company. The Company also understands the importance of attracting and maintaining high quality individuals from directors right through to support Staff.

OBJECTIVE:

The objectives of this policy are:

- to create a transparent system of determining the appropriate level of remuneration throughout all levels of the Company;
- encourage people to perform to their highest level;
- allow the Company to compete in each relevant employment market; and
- provide consistency in remuneration throughout the Company; and
- align the performance of the business with the performance of key individuals and teams within the Company.

The policy details the types of remuneration to be offered by the Company and factors to be considered by the Board, Nomination & Remuneration Committee and management in determining the appropriate remuneration strategy.

CONTRACT:

- Non-Executive Directors will enter into a letter of engagement. This letter of engagement will set out the terms and conditions of the engagement and the performance expectations for the role and the remuneration package for that Director. The Terms and Conditions for the engagement must be approved by the Board.
- Each Executive Director, executive and senior management employee will enter into a contract with the Company clearly setting out the terms and conditions of the remuneration package for that person. The contract will set out the expectations for the performance of the role and the key performance indicators, measures and criteria for assessment.

The Nomination & Remuneration Committee and the Board must approve all contracts for senior management and Directors. The Board will disclose the details of any contract in accordance with the law and the Communications & Continuous Disclosure Policy.

FORMS OF REMUNERATION:

The remuneration of employees largely consists of basic salary, perquisites, bonus and performance incentives. The main objective of the remuneration policy is to motivate each and every employee and to stimulate excellence in their performance, recognize merits/achievements in order to retain the talent in the Company and to promote the feeling of belongingness.

With the assistance of the Board, Nomination & Remuneration Committee will approve the forms of remuneration to be offered to executive directors, executives, senior management and other employees (Employees), which may include:

FIXED REMUNERATION:

The Nomination & Remuneration Committee and the Human Resources Manager in consultation with the Board will from time to time determine the fixed remuneration level for each Employee within the Company. Such remuneration levels will be determined according to industry standards, relevant laws and regulations, labour market conditions and scale of Company's business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company. Employees may be offered the opportunity to receive part of their fixed remuneration in the form of direct benefits.

PERFORMANCE BASED REMUNERATION:

In addition to fixed remuneration the Company will implement a system of bonuses and incentives designed to create a strong relationship between performance and remuneration. Performance based remuneration will be linked to specific performance targets which will disclosed to relevant employees regularly.

EQUITY BASED REMUNERATION:

To motivate executives and management to pursue the long term growth and success of the Company will include various plans and initiatives to deliver parts of the performance based remuneration as equity in the Company. The terms and conditions of any employee share plans will be approved by the Nomination & Remuneration Committee and the Board and disclosed to the shareholders and market in accordance with the continuous disclosure policy.

TERMINATION PAYMENTS:

Each contract (excluding non-executive Directors) will set out in advance the entitlement to payment upon termination of employment for each Employee. The Nomination & Remuneration Committee and the Board must approve all termination payments provided to all Employees at the level of director, executive or senior management to ensure such payments reflect the Company's remuneration policy.

EMPLOYEE ENTITLEMENTS:

The Company will comply with all legal and industrial obligations in determining the appropriate entitlement to long service, annual, personal and parental leave.

NON-EXECUTIVE DIRECTORS:

The Company will remunerate non-executive directors in a manner designed to attract and maintain high quality board members. Non-executive directors will receive a set fee (including superannuation) for their service and may be issued securities in the Company, provided that non-executive directors are not entitled to any performance-based options, bonus payments or retirement benefits. The remuneration of non-executive directors must be consistent with and supportive of maintaining the non-executive director's independence.

*****

ANNEXURE - D

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(₹ in lakhs)

A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Corporate Responsibility Section of Directors Report & Management Discussion and Analysis contains the requisite details
The Composition of the CSR Committee.	Shri Navin C. Shah (Chairman) – Independent Director Shri Prakash M. Patil – Executive Director Shri Rashesh C. Gogri – Executive Director
Average net profit of the company for last three financial years (Amount in lakhs)	₹ 8356.79
Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) (Amount in lakhs)	₹ 167.14
Details of CSR spent during the financial year. (1) Total amount to be spent for the F.Y. (2) Amount unspent, if any; (3) Manner in which the amount spent during the financial year	₹ 167.14 N.A. Details given in below table

CSR project or activity identified	**Locations where project is undertaken (Local Area/District)**	**Sector in which the project is covered**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs** **(1) Direct Expenditure on projects or programs** **(2) Overhead**	**Cumulative Expenditure upto the reporting period**	**Amount spent:** **Direct or through implementing Agency**
a) Education & skill development b) Environment c) Rehabilitation in disaster affected areas	– Valsad, Bharuch, Kutch, Ahmedabad, Bhavnagar (Gujarat) – Palghar, Thane, Marathwada, Dhule, Aurangabad, Mumbai (Maharashtra) – Kolkatta (West Bengal)	Rural Development	₹ 167.14	₹ 175.38	₹ 175.38	₹ 175.38 (Direct as well as implementing Agency)

Details of Implementing Agency:

Aarti Foundation, Sudha Pratishthan, Institute of Chemical Technology, Shree Siddhivinayak Sevabhavi, Om Shiv Construction, Dhan Vallabh Charitable Trust, Samarpan Foundation, Sanskrutik Vikas Mandal and Raut Associate.

We hereby confirm that the implementation and monitoring of CSR Activities is in compliance with CSR objectives and the CSR policy of the Company.

Sd/-
Navin C. Shah
Chairman of CSR Committee
DIN: 041415556

Sd/-
Prakash M. Patil
Chairman & Managing Director
DIN: 00005618

Place: Mumbai
Date: 5th May, 2016

ANNEXURE - E

ADDITIONAL INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

1. CONSERVATION OF ENERGY:

a. Energy Conservation Measures Taken:

The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation, consumption and control on utilization thereof. The various measures taken during the year includes:

- Installation of energy efficient aerodynamically designed FRP fans replacing regular Aluminium fans for cooling towers.
- Installation of capacitor banks for improvement of power saving.
- Rationalization of usage of utility pumps for electrical power saving.
- Installation of auto star-delta switches for centrifuges.
- Continuous overhauling of all thermal insulations to reduce loss of heat due to radiation.
- Tuning of boilers/thermopacs for optimum Air – Fuel ratio to increase efficiency.
- Condensate recovery improved to reduce fuel consumption.
- Reduced furnace oil percentage that was use as a supplementary fuel along with liquid effluent in waste heat recovery boiler.
- Attempt to run refrigeration plants at optimum capacity & efficiency.
- Replaced furnace oil fired boiler with Briquette as a solid fuel boiler.
- Installation of Thermostat to control cooling tower temperature to reduce electricity consumption.
- Implemented PINCH technology successfully & expected fuel saving.
- Use of variable frequency drives for power saving in centrifuges and
- Use of charcoal/carbon briquettes as a solid fuel in boilers.

b. Additional Investment & Proposals, if any, being implemented for reduction of conservation of energy:

Measures for reduction in energy consumption includes:

- Solar roof top project on R&D building at E-1
- Coal based trigeneration at T-150 unit and
- Use of variable frequency drives for power saving in pumps.

c. The adoption of energy conservation measures indicated above has resulted in optimum efficiency in operation and saving & controlling in the cost of production.

d. Total energy consumption and energy consumption per unit of production:

I Power & Fuel Consumption

		Current Year	Previous Year
1.	**Electricity**		
	Purchased Units (KWH)	**44948705**	41615737
	Total Amount (₹ in Lakhs)	**3628.75**	3235.65
	Per Unit (₹)	**8.07**	7.78
2.	**Furnace Oil**		
	Purchased Units (MT)	**1347.56**	776.75
	Total Amount (₹ in Lakhs)	**211.24**	279.23
	Per Unit (₹) (Per Kg)	**15.68**	35.95

		Current Year	Previous Year
3.	**Coal**		
	Consumption (Unit)	**47070588**	31530291
	Total Amount (₹ in Lakhs)	**1061.82**	785.29
	Rate Per Unit	**2.26**	2.49
4.	**Others (₹ in Lakhs)**		
	Diesel (₹ in Lakhs)	**200.83**	78.29
	Briquettes (₹ in Lakhs)	–	411.42

II. Consumption per unit of production:

Since the Company manufactures different types of bulk drugs and its intermediates, it is not practicable to give consumption per unit of production.

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- The Company has successfully validated & commercialized manufacturing process for Moxifloxacin. The manufacturing process for Moxifloxacin is for non-regulatory market. It is an anti-bacterial agent. The commercial production of the same has been started during 1st quarter of 2016-17. The quality of Moxifloxacin is as per EP/BP.
- The Company has also developed cost-effective route of synthesis of Methyl acrylate key Raw material of O Acid / Levo acid.
- Process improvement work is being carried out continuously which leads to improvement in quality as well as cost-reduction. Clopidogrel Bisulphate, Ciprofloxacin Hydrochloride & Q Acid, one of the key intermediate for Ciprofloxacin & Enrofloxacin, is an example in which we improved the quality of these products. Clopidogrel is an example in which we have now stated production of USP-38 grade material. We are putting continuous effort to further improve quality of Clopidogrel Bisulphate. We have also validated manufacturing process for Clopidogrel EP/BP grade at regulated facilities.
- We are working to develop manufacturing process for Tetrafluoro Benzoic Acid, an imported RM for O - Acid/Levo-Acid.
- We have pilot plant validated manufacturing process for Aceclofenac EP/BP.
- We have pilot plant validated recovery process for Tartaric Acid.
- We are vendor – validating Leflunomide manufacturing process, quality will be as per EP/BP.
- We are working to develop manufacturing process for Iopamidol an X-ray contrasting API.

3. RESEARCH AND DEVELOPMENT (R&D)

The Company's R&D Center at Plot No. E-1, MIDC industrial Area, Tarapur, recognized by Department of Science and Industry Research, Government of India, carries on R&D activities for developing technology, scale up and its transfer to manufacturing location for commercialization of APIs and intermediates as well.

(A) Specific areas in which R&D carried out by the Company during the year 2015-16

The focus areas of the Company's R&D effort during **2015-16** include:

- Improvement of existing process of products by enhancing yields and reducing costs by optimization of reaction parameters, reaction reengineering and implementing cost effective routes of synthesis on continuous basis, reduction of effluent and Process involving continuous operations. These efforts have resulted in improving quality of the products and reducing their manufacturing cost.
- Development of Processes for new APIs. The Company's R&D is also focused on developing API's which are blockbusters molecules in their respective therapeutic segments and expected to go off patent in next few years.

(B) Benefits derived as a result of the above R&D:

(i) R&D efforts have helped for improvement in process and operating efficiency.

(ii) Development/commercialization of various APIs and intermediates.

(iii) Development of new markets, penetration in to regulatory markets through quality up gradation and cost reduction and

(iv) Improve quality of products to fulfill existing in-house demands of customers.

(C) Future plans of Action:

1. Further improvement in process efficiencies of existing products.
2. The Company expects to file new DMFs and also to update the existing ones during the year 2016-17 with Global regulatory authorities. This would help increase exports to regulated markets with better margins by supply of generic API's too.
3. Development of Cost Effective Processes/Technologies for APIs of the semi-regulated & Non-Regulated Markets.

(D) Expenditure on R&D:

(₹ in lakhs)

	Current Year	Previous Year
Capital	**1261.94**	889.38
Recurring	**387.60**	303.97
Total	**1649.54**	1193.35

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

	Current Year	Previous Year
Total Foreign Exchange Earned (FOB)	**35854.57**	38036.53
Total Foreign Exchange Earned (CIF)	**36732.59**	39008.62
Total Foreign Exchange Used		
CIF Value of Imports:		
– Raw Material	**44324.64**	41397.24
– Capital Goods	**251.31**	52.90
Expenditure in Foreign Currency:		
– Commission	**498.75**	518.44
– Travelling Expenses	**33.35**	25.50
– Sales Promotion	**70.30**	109.32
– Foreign Bank charges	**59.26**	48.25
– Interest on F.C. loan	**223.86**	245.63
– Others	**279.05**	216.48
TOTAL	**45740.52**	42613.76

For and on behalf of the Board of Directors of Aarti Drugs Limited

Sd/-

Prakash M. Patil
Chairman & Managing Director
DIN: 00005618

Place : Mumbai
Date : 5th May, 2016

ANNEXURE - F

FORM NO. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
Aarti Drugs Limited
(CIN: L37060MH1984PLC055433)
Plot No. N - 198, M.I.D.C., Tarapur,
Village-Pamtermbhi, Dist. Palghar,
Maharashtra - 401 506

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aarti Drugs Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2016 **('Audit Period')** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during Audit Period)**;

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during Audit Period)**;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during Audit Period)**;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during Audit Period)** and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during Audit Period)**.

(vi) Other Laws applicable specifically to the Company, identified and confirmed by the Company and relied upon by me are as under:

(a) Drugs & Cosmetics Act, 1940 and rules made thereunder

(b) Narcotic Drugs and Psychotropic Substances Act, 1985

(c) The Insecticides Act, 1968

(d) Explosives Act, 1889

(e) Air (Prevention and Control of Pollution) Act 1981

(f) Water (Prevention and Control of Pollution) Act 1974

(g) The Noise (Regulation and Control) Rules 2000

(h) Environment Protection Act, 1986 and other environmental laws

(i) The Indian Boilers Act, 1923 & The Indian Boilers Regulations 1950

(j) Public Liability Insurance Act, 1991

(k) Hazardous Wastes (Management, Handling And Transboundary Movement) Rules, 2008.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable from 1st December, 2015;

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board Meetings were taken unanimously as recorded in the minutes of the meetings of the Board of Directors.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit Period under review, in my view, there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

This report is to be read with my letter of even date which is annexed as **Appendix - I** and forms an integral part of this report.

For Sunil M. Dedhia & Co.

Sd/-

CS Sunil M. Dedhia
Proprietor
FCS No: 3483 C.P. No. 2031

Place : Mumbai
Date : 5th May, 2016

Appendix - I

To,
The Members,
Aarti Drugs Limited
(CIN: L37060MH1984PLC055433)
Plot No. N - 198, M.I.D.C., Tarapur,
Village-Pamtermbhi, Dist. Palghar,
Maharashtra - 401 506

Our report of even date is to be read along with this letter.

Management's Responsibility

(1) Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.

Auditor's Responsibility

(2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.

(3) I have not verified the correctness and appropriate of financial records and Books of Accounts of the Company.

(4) Wherever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations, Standard is the responsibility of Management. My examination was limited to the verification of procedures on test basis.

Disclaimer

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Sunil M. Dedhia & Co.

Sd/-
CS Sunil M. Dedhia
Proprietor
FCS No: 3483 C.P. No. 2031

Place : Mumbai
Date : 5th May, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS

Pharmaceutical Industry – Global & Indian

The global pharmaceutical market is expected to reach $ 1.3 trillion by 2018, due to increased global spending driven by population growth, an aging population and improved access in pharmerging markets. CAGR of pharmerging market will be 8 to 11% by 2018. Due to globalization, pharmerging countries have increased from 5 to 21 and healthcare improvement will continue to be their priority. Many of these countries are implementing healthcare reforms to ensure universal coverage. The developed market –led by the United States, the major five European markets and Japan had been the primary drivers of increased growth, while the 21 pharmerging countries are expected to increase their contribution to growth over next five years and account for nearly 50% of absolute growth by 2018.

The Indian pharmaceutical market is the third largest in terms of volume and thirteen largest in terms of value. Its revenue is estimated to grow at 15 per cent per annum between 2015 and 2020, thus outperforming the global pharmaceutical industry. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size. Indian pharmaceutical industry has many advantages in terms of efficient cost of production, good R&D technical work force for process improvements, lower healthcare costs, diversified array of products viz., over 60,000 generics brands across 60 therapeutic categories comprising of more than 500 different APIs. Economic prosperity, increased drugs affordability and increasing penetration of health insurance along with government initiatives like 'Pharma Vision 2020' will propel India to become a global leader as an end-to-end drug manufacturer. The Government of India is committed to setting up robust healthcare and delivery mechanisms.

BUSINESS STRATEGY

Domestic Market and Trends:

The domestic formulation market has witnessed a healthy growth in demand during the past five years. Going forward, this trend is expected to continue broadly based on growing population, increasing health awareness and an increasing per capita income leading to a large overall healthcare spend. The market is expected to grow with a CAGR of 15.92% to reach a size of US $ 55 billion by 2020. Indian bulk drug industry has grown as a direct offset of formulation growth worldwide.

Aarti Drugs Limited (ADL) has a strong regulatory framework and CGMP level documentation, which is now a standard requirement of most of the big Indian Pharmaceutical Companies. High process efficiency and high standard for quality has created good brand name for the Company in the space of Antibiotic, Anti-diabetic, Antifungal, Antidiarrheal, Anti-inflammatory and Cardioprotectant therapeutic segments. Indian pharmaceutical market is growing fast due to penetration of health services in rural areas of the country. There is also a shift in demand from drugs treating hygiene related diseases to drugs treating lifestyle related diseases in the urban sector. ADL has recently constructed new facilities for three antibiotic products (Fluoroquinolones) and its intermediates and doubling the capacity of one of its major Antidiarrheal product. Both these projects are commercially operational and will drive the growth of domestic sales in coming years.

Export Market and Trends:

Indian bulk drug companies have filed 49% of the overall drug master filings (DMFs) made in the US in 2013, which will help Indian pharmaceutical companies to capitalize further on export opportunities in regulated and semi-regulated markets.

The Ministry of Commerce targets to export $ 25 billion worth of pharmaceuticals in 2016. India supplies 20 per cent of global generic medicines market exports in terms of volume, making the country the largest provider of generic medicines globally and expected to expand even further in coming years. America accounted for around 34% of Indian pharma exports in FY 2013, followed by Europe 26% and Asia 20%. Exports to Africa increased at a CAGR of 21% from 2009 to 2013. The global generics market has grown at a phenomenal pace in past few years and is expected to grow over the next five years.

Significant portion of bulk drugs manufactured in India is exported as compared to developed countries, where bulk drugs are primarily manufactured for captive consumption. Recent Anti-diabetic facility, which started its commercial operations last year is now WHO-GMP approved. Same facility was also inspected by other international regulatory authorities last year and also expected to get further regulatory approvals for European markets as well.

The Company continues to further enhance the IT infrastructure of its USFDA facility to address data integrity issue. USA based consultants have conducted a third party audit, based on which further remediation measures are being implemented. The Company is committed to comply and get USFDA Import Alert for Tarapur facility withdrawn at the earliest possible. However, other facilities of ADL continue to maintain CGMP certifications like COFEPRIS, ANVISA, TGA, WHO GMP and ISO resulting in competitive advantage. Due to macroeconomic conditions across the globe like sudden crash of currencies, oil price collapse, tightening of government budgets resulted in subdued demand in global markets. However, due to new product launches and additional regulatory approvals, Company expects to grow in exports in spite of these conditions.

OPPORTUNITIES & THREATS

SWOT ANALYSIS

Strengths & Opportunities:

The Company has been continuously striving to keep its costs to minimum possible to aggressively compete with Chinese competitors. Moreover, slowly India is getting competitive with respect to Chinese manufacturers, as Chinese environmental rules are becoming stringent like that of India. Moreover, global players prefer Indian manufacturers to Chinese due to better documentation and quality. Furthermore, currently the Company has customer audited and CGMP facilities, which give us an edge over competition throughout the world.

The Company continues to enjoy economies of scale due to its large production capacities in Anti Diarrhea, Anti Inflammatory, Anti Fungal, and Anti Biotic segments. Bigger market share automatically helps us to be competitive in market due to spread of overheads and better bargaining power. The Company has always been vertically integrated company, manufacturing most of its intermediates for captive consumption. Till date the Company has exported over 100 countries worldwide indicating its strong marketing network, logistics capability and geographic spread of the ADL brand. Customer diversification is also one of key strengths of the Company reducing its dependence on any single customer.

The Company is operating State-of-the Art R&D Center, at Tarapur, which is recognized by Department of Science and Industry Research, Government of India. Our scientists are constantly working for developing technology, non-infringing route of synthesis, scale up and its transfer to manufacturing location for commercialization. They actively work not only on bulk drugs in various therapeutic categories but also on specialty chemicals for non-API related applications. The Company has 30 years of manufacturing experience and has developed expertise in various reactions for bigger volumes of production, also building the long-term customer relationships, which is a key strength in API manufacturing industry.

The Company has also taken few forward-integration steps to include a small formulation manufacturing plant for toll manufacturing of formulations and also registering few finished products for exports market.

RISK AND CONCERNS

Weaknesses, Risks and Concerns:

Variation in crude oil prices would always be area of concern. The Company has already installed greener technologies like briquette fired boilers, economizers etc. to save power and fuel costs, which reflects in the financial result of the Company. The Company was able to cope up with these pressures due to strong operational efficiency and increased market share of its products.

Extreme volatility of exchange rate of rupee against US dollar can have significant impact on the Company's operations because approximately 36% of its total revenues consist of exports. However, natural hedge mitigate the risk to large extent due to the imports. The Company has a strict FOREX policy of hedging all of its foreign currency loans to mitigate the risk of volatility of exchange rate.

Macro economic conditions like sudden currency variations, sharp fall in crude, US dollar remittance issues in African countries etc. do affect the export demand. However, pharmaceutical being a defensive sector, backed by the strong domestic demand, such risks are mitigated to some extent.

INTERNAL CONTROL SYSTEM & ADEQUACY

The Company has sound and adequate internal control systems commensurate with its size and nature of business. We constantly upgrade our systems for incremental improvements, because we firmly believe that 'change is the only permanent thing'.

The Audit Committee of the Board periodically reviews these systems. These systems ensure protection of assets and proper recording of transactions and timely reporting. Internal audit is being carried out by an independent firm of chartered accountants on a quarterly basis.

The Audit Committee also regularly reviews the periodic reports of the Internal Auditors. Issues raised by Internal Auditors and Statutory Auditors are discussed and addressed by the Audit Committee. Audit Committee constantly tries to add value by evaluating existing systems. Since August 1, 2014, the Company completely stopped its legacy systems and is online on Microsoft Dynamics Navision ERP systems. This has already enhanced the reporting and internal control systems.

FINANCIAL & OPERATIONAL PERFORMANCE

During the year under review the Company has achieved consolidated top line of ₹ 1228.31 crore, achieving a y-o-y growth of 4.13%, correspondingly EBIDTA worked out to ₹ 175.69 crore as against ₹ 169.67 crore in the previous year recording a growth of 3.55%. Net profit after tax was ₹ 68.72 crore as against ₹ 77.25 crore in the previous year recording decline of 11.04%.

Keeping long term view in mind, the Company has carried out various expansion programs in last three years. Many of the expansion projects went live in the year under review leading to higher depreciation and expensing of interest costs. However due to increasingly stricter regulatory norms and approvals from government regulatory authorities, the overall gestation period for Active Pharmaceutical Ingredient projects has gone up considerably. In addition, macroeconomic conditions like sudden devaluation of currencies across globe, sharp fall in crude prices, US dollar remittance issues in some regions posed challenges for global trade.

Due to underutilization of the expanded capacities across the company, there was under absorption of overheads which led to increase in costs and reduction in the profitability. However, the company is confident to reap the benefit of utilization of expanded capacities, to increase the operating leverage thus resulting in better profitability. With reference to USFDA import alert, the company is actively upgrading its USFDA facility with the help of remediation plan, based on recent audit conducted by USA based consultant

SEGMENT-WISE PERFORMANCE

For the year 2015-16, around 94% of the total sales of the standalone company came from API and its allied intermediate segment and approximately 3% from the speciality chemicals. Within the API segment, Antibiotic therapeutic category contributes to around 50%, Anti-diarhoeals around 20%, Anti-inflammatory around 12%, followed by Anti-fungal, Anti-diabetic and Cardioprotectant therapeutic categories. On a consolidated basis, formulation sales is around 10% of the total revenues.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

Human Resource

Human capital has always been the most important and valuable asset to the Company. The Company has approximately 1072 permanent employees as on 31st March, 2016 at factory and office level. HRD center had conducted number of training programs during the year 2015-16 as well on the various topics related to Technological Development, Quality System Management, Behavioral Change Modules, Individual and Operational Safety, Personality Development, Computerization of Systems etc. Apart from these internal training programs, employees are also sent for training/ seminars at prominent training institutes on regular basis for upgrading their knowledge and skill level.

CORPORATE SOCIAL RESPONSIBILITY

As a contribution towards Community Development to fulfill Company's obligations towards the Society, Company organizes many activities on regular basis including Blood donation, Eye and Health check up camps and Career

guidance workshops for young students in areas surrounding its units. Company also worked closely with Institute of Chemical Technology for the cleaning of Rankala Lake in Kolhapur, Maharashtra. The Company has also constructed public toilets in the area near Sarigam, Gujarat. The Company has also made donations to hospitals. Contributions are made to primary schools of surrounding villages for painting of school buildings, purchase of benches & furniture, sports equipment, records storage facilities etc. We continue to provide maintenance services to the Palghar-Dahanu Taluka Sport Association. The Company has taken up a big forestation project across an area of 100 hectares in the nearby area along with the forest department.

ENVIRONMENT HEALTH & SAFETY

All our plants are designed with appropriate Waste Management Systems and operate in harmony with the surrounding ecosystem. Safe disposal of waste, treating effluents to manufacture an eco-friendly by-product, generating steam through a waste heat recovery plant and In-house R&D team ensuring pollution control & energy conservation are some of the ways adopted by ADL to operate in an eco-friendly manner.

Continuously, the Company has innovated many more techniques to reduce the effluent generation in the process, utility and domestic areas across units to reduce the entire effluent stream. Environmental requirements are incorporated into the plant design right from the preliminary stage of a process. Air scrubbers, dust filters, fire protection systems and Effluent Treatment Plants are in place & well maintained.

In the current year, the Company has conducted various trainings and decampment programmes with the help of faculty of Civil Defence (Tarapur), Bombay Productivity Council & safety consultancy from Ex. Deputy Director, Department of Industrial Safety and Health on various aspects like Fire fighting & Rescue operation, '5S & Kaizan', Importance of PPE's, safety awareness and behavior related safety. Dedicated corporate safety team along with individual unit-wise teams consistently monitor plants for notifying unsafe conditions. Regular safety drills ensure that readiness for safety gets top priority. We will strive to further improve ourselves to create safer working conditions for our workers.

OUTLOOK

The Company's R&D programs are currently focused on new products development related to lifestyle related diseases like diabetics, cardiovascular, anticoagulant, cholesterol etc. These products would be developed along with their DMFs in a time-horizon of 2-4 years. This falls in line with the vision of expanding the Company's presence in the regulated markets. Company will continue to do R&D on APIs that are off patents and will work on non-infringing route of synthesis. The Company has also tied up with European distributor on profit sharing basis of finished dosage sale. Already 2 finished dosage dossiers are filed with UK MHRA and 2 are under developmental stage. Strategy would be to engage in our own APIs.

The Company has started commercial operations of intermediate plant, first in India, for three of its Anti-biotic products. Majority market share and economies of scale with strong technological backup will continue to remain key strengths of the Company. Few of its expansion projects were commercialized last year, which will give good impetus to growth initially targeting domestic markets and eventually the global markets post getting necessary regulatory approvals. Macroeconomic conditions and higher gestation period due to newer regulatory processes had caused a subdued growth in last year, however company is in advance stage to get such approvals for the last years' expansions.

Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, expectations and estimates regarding future performance may be "forward looking statements" and are based on currently available information. The management believes these to be true to the best of its knowledge at the time of preparation of this report. However, these statements are subject to certain future events and uncertainties, which could cause actual results to differ materially from those, which may be indicated in such statements.

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2016. A report on compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations") is given below:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

A clearly structured and fully implemented Corporate Governance system is the Company's highest priority. Good Corporate Governance is the basis for decision making and control process and comprises responsible, value - based management and monitoring focused on long-term success, goal orientation and respect for the interests of our stakeholders.

Good Corporate Governance helps enhancement of long-term shareholder value and interest of other stakeholders. This is achieved through increased awareness for responsibility, transparency and professionalism and focus for effective control and management of the organization.

The Board of Directors of the Company is committed to the consistent adherence to the corporate governance code and constant review of the Board processes, practices and the management systems to maintain a greater degree of responsibility and accountability.

BOARD OF DIRECTORS

(a) The Constitution of the Board and other relevant details are given below:

Aarti Drugs Limited (ADL) Board presently consists of 12 Directors out of which 7 (Seven) are Non-Executive. Out of 7 (Seven) Non-Executive Directors, 6 (Six) Directors are Independent Directors. Except Shri Prakash M. Patil, Managing Director & Independent Directors, all other Directors are liable to retire by rotation.

Name of Director	Category	No. of other Directorships*	No. of Committee Membership in all Companies**		No. of Board Meetings Attended	Attendance at last AGM
			Chairman	Member		
Shri Prakash M. Patil#	Chairman & Managing Director & Chief Executive Officer	None	None	1	5	Yes
Shri Rashesh C. Gogri	Managing Director	2	None	3	5	Yes
Shri Harshit M. Savla	Joint Managing Director	None	None	1	5	Yes
Shri Harit P. Shah	Executive	2	None	1	5	Yes
Shri Uday M. Patil#	Executive	None	None	None	4	Yes
Shri Rajendra V. Gogri	Non-Executive	2	1	3	4	No
Shri Ramdas M. Gandhi	Independent	3	3	6	5	No
Dr. Vilas G. Gaikar	Independent	1	None	1	3	No
CA Bhavesh R. Vora	Independent	1	None	3	5	Yes
Prof. Krishnacharya G. Akamanchi	Independent	None	None	None	4	No
CA Navin C. Shah	Independent	None	None	1	5	No
CA Priti P. Savla	Independent	1	None	None	5	Yes

* This excludes Directorships held in Private Limited, Overseas Companies & Section 8 Companies.

** Includes Audit Committee and Stakeholder's Relationship Committee [Committee Membership(s) & Chairmanships are counted separately].

\# Shri Prakash M. Patil & Shri Uday M. Patil are related to each other.

(b) Board Meetings:

During the Financial Year 2015-16, 5 (five) Board Meetings were held. The dates on which the meetings were held during the year are as follows: 20.05.2015; 31.07.2015; 06.11.2015; 05.02.2016 and 16.03.2016.

Separate Meeting of Independent Directors:

During the year under review, the Independent Directors met on 16th March, 2016 to discuss *inter alia* the following:

Evaluation of Performance of Non-Independent Directors and the Board of Directors as a Whole;

Evaluation of Performance of the Chairman of the Company taking into account the views of Executive Directors & Non-Executive Directors and

Evaluation of the quality, content and timeliness of flow of information between the Management and the Board of Directors that is necessary for the Board to effectively & reasonably perform their duties.

(c) Code of Conduct:

Aarti Drugs Limited Code of Conduct laid down by the Board of Directors is applicable to all the Directors and Senior Management of the Company. The Code of Conduct is posted on the Company's website www.aartidrugs.com. All the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2016. A declaration to this effect, duly signed by the Chairman, Managing Director & Chief Executive Officer (CEO) is annexed hereto.

(d) Familiarization Programme for Independent Directors:

The Chairman and Managing Director have one to one discussion with all Directors to familiarize them with the Company's operations. Further the Company has put in place a system to familiarize the Independent Directors about the Company, its products, business and on-going events relating to the Company. The details of such familiarization programmes for Independent Directors are posted on the website of the Company viz. www.aartidrugs.com and the web link thereto is http://www.aartidrugs.co.in/images/Stories/Shareholder/FAMILIARIZATION%20PROGRAM%20FOR%20INDEPENDENT%20DIRECTORS.pdf.

COMMITTEES OF THE BOARD

1. AUDIT COMMITTEE:

The Audit Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors. It assists the Board in fulfilling its oversight responsibilities of monitoring financial reporting process, reviewing the Company's established systems & process for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The Audit Committee comprises of six (6) members with majority being Independent Directors and the Chairman of the Audit Committee is a Non-Executive & Independent Director.

a) Terms of Reference

The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee under Section 177 of the Companies Act, 2013 (as amended from time to time) and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which, *inter alia* includes overseeing financial reporting process, reviewing periodic financial statements, financial results and auditor's report thereon, reviewing and monitoring the auditor's independence and performance and effectiveness of audit process discussions with Statutory, Internal and Cost Auditors. The Audit Committee *inter alia* performs the functions of approving Annual Internal Audit plan, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans & investments, management discussion and analysis of financial condition and results of operations, evaluation of internal financial controls, reviewing the functioning of the whistle blower mechanism. In addition, the powers and role of the Audit Committee are as laid down under Part C of Schedule II of SEBI Regulations and Section 177 of the Companies Act, 2013.

b) No. of Meetings:

The Audit Committee met 6 (six) times during the financial year ended 31st March, 2016. The meetings were held on 10.04.2015; 20.05.2015; 31.07.2015; 06.11.2015; 05.02.2016 and 30.03.2016. Necessary quorum was present at the meetings. Shri Ramdas M. Gandhi, Independent Director is the Chairman of the Committee.

c) Composition and attendance

Details of the Composition and attendance at the aforesaid meetings are as follows:

Sr. No.	Name of Director	Category	No. of meetings attended
1.	Shri Ramdas M. Gandhi (C)	Non-Executive/Independent	6
2.	Shri Prakash M. Patil	Executive	5
3.	CA Bhavesh R. Vora	Non-Executive/Independent	4
4.	Dr. Vilas G. Gaikar	Non-Executive/Independent	1
5.	Shri Rashesh C. Gogri	Executive	6
6.	CA Navin C. Shah	Non-Executive/Independent	5

Chief Financial Officer (CFO), Vice - Presidents, General Manager from various divisions of the Company, as and when required, Internal Auditors, Cost Auditors and Statutory Auditors of the Company attends the meetings of Audit Committee as invitees to respond to the queries raised during the meeting. The Company Secretary acts as a Secretary to the Committee.

2. NOMINATION AND REMUNERATION COMMITTEE:

a) Terms of Reference:

The broad terms of reference of the Nomination and Remuneration Committee *inter alia* are:

i. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive and Non-Executive) and recommend to the Board, policy relating to the remuneration of the Directors, key managerial personnel and other employees;

ii. To formulate the criteria for evaluation of all the Directors on the Board;

iii. To devise a policy on Board diversity;

iv. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and

v. To lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals.

b) No. of meetings:

The Nomination and Remuneration Committee met twice during the year on 10.04.2015 and 30.07.2015. Shri Bhavesh R. Vora, Independent Director is the Chairman of the Committee.

c) Composition and Attendance:

Details of the Composition and attendance at the aforesaid meetings are as follows:

Sr. No.	Name of Member	Category	No. of meetings attended
1.	CA Bhavesh R. Vora (C)	Non-Executive/Independent	1
2.	Shri Prakash M. Patil	Executive	2
3.	Shri Rajendra R. Gogri	Non-Executive	2
4.	Shri Ramdas M. Gandhi	Non-Executive/Independent	2
5.	Dr. Vilas G. Gaikar	Non-Executive/Independent	–

d) Performance Evaluation Criteria for Independent Directors

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and Individual Directors, including the Chairman of the Board. Separate exercise was carried out to evaluate the performance of Non-Independent Directors including the Chairman of the Board who were evaluated on parameters such as Key achievements, Short term and long term targets, challenges faced, Implementation of Strategic decisions, organizational success, participation and attendance in Board and Committee Meetings etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

Independent Directors were evaluated on the parameters such as attendance and participation in the meetings and timely inputs on the minutes of the meetings, adherence to ethical standards & code of conduct of the Company, disclosure of non-independence, as and when exists and disclosure of interest, interpersonal relations with other Directors and Management, understanding of the Company and the external environment in which it operates and contribution to strategic direction, safeguarding interest of whistle-blowers under vigil mechanism and safeguard of confidential information.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

Details of Remuneration to all Directors

Remuneration payable to the Directors is considered and approved by the Nomination and Remuneration Committee constituted in accordance with the Corporate Governance Code and the provisions of the Companies Act, 2013, having due regard to the relevant factors. The Nomination and Remuneration Policy as approved by the Board of Directors of the Company is set out as Annexure 'C' to the Boards' Report. Non-executive Directors are paid sitting fees for attending each of the meetings of Board and its Committee(s) as per the provisions of the Companies Act, 2013 and the rules framed thereunder.

The details of remuneration paid to each Director for the year 31st March, 2016 are as under:

(Amount in ₹)

Name of Director	Salary and Perquisites	Commission	Sitting Fees	Total Remuneration
Shri Prakash M. Patil	67,27,050	48,62,226	–	1,15,89,276
Shri Rashesh C. Gogri	58,29,477	48,62,226	–	1,06,91,703
Shri Harshit M. Savla	58,29,477	48,62,226	–	1,06,91,703
Shri Harit P. Shah	58,29,477	48,62,226	–	1,06,91,703
Shri Uday M. Patil	6,38,545	–	–	6,38,545
Shri Rajendra V. Gogri	–	–	60,000	60,000
Shri Ramdas M. Gandhi	–	–	1,34,000	1,34,000
Dr. Vilas G. Gaikar	–	–	40,000	40,000
CA Bhavesh R. Vora	–	–	1,16,000	1,16,000
Prof. K. G. Akamanchi	–	–	50,000	50,000
CA Navin C. Shah	–	–	1,10,000	1,10,000
CA Priti P. Savla	–	–	60,000	60,000

(a) All Executive Directors except Shri Uday M. Patil are appointed under the contracts each for a period of five years and with termination notice period of 180 days.

(b) The Non-executive Directors, apart from receiving Directors' remuneration by way of sitting fees or other fees, if any, approved by the Board of Directors within the limit fixed and approved by the shareholders, do not have any other material pecuniary relationship or transactions with the Company.

Shares held by Non-Executive Directors in the Company as on 31st March, 2016

Name	Number of shares held	% of total shareholding
Shri Rajendra V. Gogri	826048	3.41
Shri Ramdas M. Gandhi	8000	0.03
Dr. Vilas G. Gaikar	–	–
CA Bhavesh R. Vora	–	–
Prof. Krishnacharya G. Akamanchi	–	–
CA Navin C. Shah	2376	0.00
CA Priti P. Savla	–	–

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

a) Terms of Reference

Brief Terms of Reference of the Stakeholders' Relationship Committee *inter alia* includes reviewing status of approval of transfer/transmission of shares, issue of duplicate share certificates/review or redressal of investor grievances.

b) Meetings & Attendance

The Stakeholders Relationship Committee comprises of 4 members. Shri Rajendra V. Gogri, Non-Executive Director is the Chairman of the Committee. The Stakeholder Relationship Committee met 4 times in a year on 15.05.2015; 20.08.2015; 18.12.2015 and 16.03.2016. Details of the Composition and attendance at the aforesaid meetings are as follows:

Sr. No.	Name of Member	Category	No. of Meetings attended
1.	Shri Rajendra V. Gogri (C)	Non-Executive	3
2.	CA Bhavesh R. Vora	Non-Executive/Independent	3
3.	Shri Harshit M. Savla	Executive	4
4.	Shri Harit P. Shah	Executive	4

c) CS Vibhav S. Ranade, Company Secretary of the Company is the Compliance Officer pursuant to the requirement of the SEBI Regulations.

The Stakeholders Relationship Committee primarily considers and resolved grievances of the Security Holders of the Company and suggests improvements to investor relations initiatives undertaken at the Company. Terms of Reference of the Committee *inter alia* cover reviewing status of approval of transfer/transmission of shares, issue of duplicate share certificates, review/redressal of Investor's Grievance.

d) Shareholders' complaints:

During the year, 19 Complaints were received. All the complaints pertaining to Non-receipt of Annual Report and processing of Dividends were resolved to the satisfaction of Shareholders. No request for Share Transfers or Dematerialization was pending for approval as on 31st March, 2016.

4. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

a) Terms of Reference

The brief terms of reference of the CSR Committee are as under –

i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

ii. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and

iii. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

b) Meetings & Attendance

The Corporate Social Responsibility Committee comprises of 3 members. CA Navin C. Shah, Non-Executive Director is the Chairman of the Committee. During the year 2015-16, 1 (one) meeting was held on 29th April, 2015. Details of the Composition and attendance at the aforesaid meeting are as follows:

Sr. No.	Name of Member	Category	No. of Meetings attended
1.	CA Navin C. Shah(C)	Non-Executive	1
2.	Shri Prakash M. Patil	Executive	1
3.	Shri Rashesh C. Gogri	Executive	1

GENERAL BODY MEETINGS:

Details of last three Annual General Meetings are as under:

Year	Day, Date & Time	Venue	Special Resolutions passed for
2013	Friday, 02.08.2013 At 11.00 am	TIMA Hall, MIDC Tarapur, Taluka-Palghar, Dist. Thane - 401 506, Maharashtra.	Special Resolution passed pursuant to Section 314 of the Companies Act, 1956, to hold and continue to hold an office of profit.
2014	Friday, 11.07.2014 At 11.00 am		Special Resolution passed Pursuant to Section 180(1)(c) of the Companies Act, 2013, to borrow funds, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, exceeding aggregate of the paid up share capital and free reserves of the Company.
2015	Friday, 14.08.2015 At 11.00 am		No Special Resolution

During the year under review, no resolutions were passed through postal ballot.

Subsidiary Company:

The Company does not have any material Non-listed Indian Subsidiary Company and hence it is not required to have an Independent Director of the Company on the Board of such Subsidiary Company. The Audit Committee reviews, the financial statements, particularly the investments made by the Company's Non-Listed Subsidiary Company. The Minutes of the Subsidiary are placed before the Board of Directors of the Company and the Directors are informed about all the significant transactions and arrangements entered into by the Subsidiary Company.

DISCLOSURES:

i. There have been no materially significant Related Party Transactions that may have potential conflict with the interests of the Company at large. Transactions with related party set out in Notes to Accounts, forming part of the Annual Report.

ii. The Company has been continuously complying with the requirements of Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the said authorities relating to the above.

iii. Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a Whistle-Blower Policy and vigil mechanism for Directors and employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics policy. The said mechanism also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. We affirm that no employee of the Company was denied access to the Audit Committee. The said Whistle-Blower Policy has been hosted on the website of the Company at www.aartidrugs.com.

iv. The Company has complied with all the mandatory requirements as laid down under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Regulations.

v. The Company's policy on "material subsidiary" and policy on dealing with related party transactions respectively have been placed on the Company's website and can be accessed through weblink – www.aartidrugs.co.in/Policy%20For%20determining%20Material%20Subsidiary.pdf.

vi. All mandatory Accounting Standards have been followed in preparation of financial statements and no deviation has been made in following the same.

vii. The Company has adopted an insider trading policy to regulate, monitor and report trading by insiders under SEBI (Prohibition of Insider Trading) Regulations, 2015. This policy also includes practices and procedures for fair disclosure of unpublished price sensitive information, initial and continual disclosure.

DISCRETIONARY REQUIREMENTS (as specified in Part E of Schedule II of SEBI Regulations, 2015)

The status of compliance with discretionary requirements of Part E of Schedule II of the SEBI Regulations is provided below:

Sr. No.	Particulars	Remarks
1.	Non-Executive Chairman's Office	The Company does not have Non-Executive Chairman and hence provision of maintenance of non-executive chairman's office at the listed entity's expense and allowance of reimbursement of expenses incurred in performance of his duties is not applicable.
2.	Shareholders' Rights	As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
3.	Audit Qualifications	The Company's financial statement for the year 2015-16 does not contain any audit qualification.
4.	Separate posts of Chairman and CEO	The Company does not have separate post of Chairman and MD/ CEO
5.	Reporting of Internal Auditor	The Internal Auditor reports to Chief Financial Officer and has direct access to the Audit Committee.

MEANS OF COMMUNICATION:

1. Quarterly and Annual financial results are published in The Financial Express (English) and Aapla Mahanagar (Marathi). These results and official news releases are also available on the website of the Company viz. www.aartidrugs.com.

2. The presentations made to institutional investors or to the analysts are placed on the Company's website immediately after these are communicated to the Stock Exchanges.

3. All data required to be filed electronically or otherwise pursuant to the SEBI Regulations with the Stock Exchanges, such as annual report, quarterly financial statements, Shareholding pattern, report on Corporate Governance are being regularly filed with the Stock Exchanges, namely, National Stock Exchange of India Limited (www.nseindia.com) through NSE Electronic Application Processing System (NEAPS) and BSE Limited (www.bseindia.com) through BSE Listing Center and available on their websites.

GENERAL SHAREHOLDERS INFORMATION:

i. The day, date, time & venue of the 31st Annual General Meeting:

Day	Date	Time	Venue
Friday	22nd July, 2016	11.00 a.m.	TIMA Hall, MIDC Tarapur, Dist. Palghar - 401 506, Maharashtra.

ii. Tentative Financial Calendar:

Financial Year	1st April to 31st March
Adoption of Quarterly Results for the quarter ending:	
June, 2016	1st/2nd week of August, 2016
September, 2016	1st/2nd week of November, 2016
December, 2016	1st/2nd week of February, 2017
March, 2017	1st/2nd week of May, 2017

iii. Date of Book Closure (Both days inclusive): Friday, 15th July, 2016 to Friday, 22nd July, 2016

iv. Listing on Stock Exchanges:

The Company's Equity shares are listed on the following Stock Exchanges, details of which are as follows:

BSE Limited **Phiroze Jeejeebhoy Towers,** **Dalal Street, Mumbai – 400 001.** **SCRIP CODE – 524348** **SCRIP ID - AARTIDRUGS**	**National Stock Exchange of India Limited,** **"Exchange Plaza", Bandra-Kurla Complex,** **Bandra (E), Mumbai - 400 051.** **NSE SYMBOL: AARTIDRUGS**

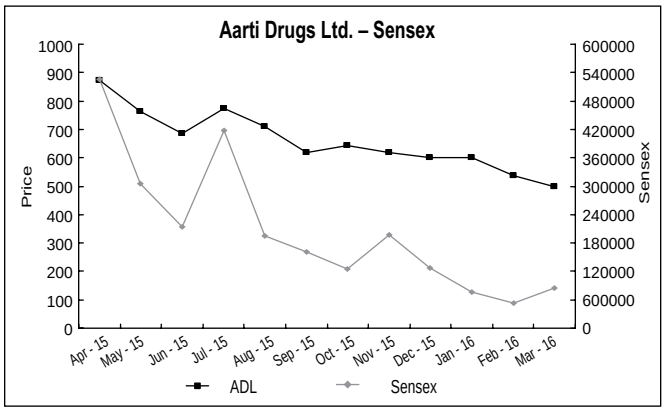
v. Listing fees and Annual Custodial Fee:

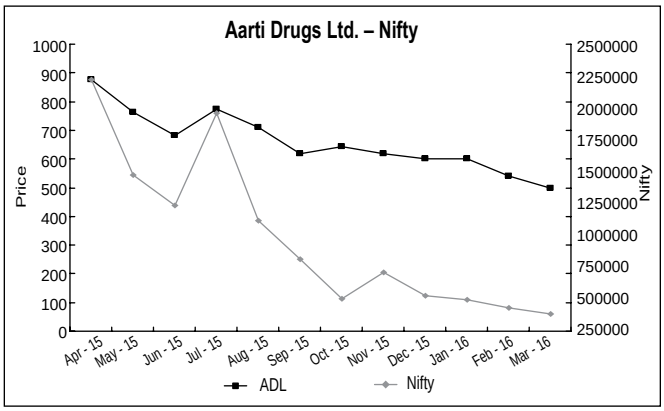
The Company has paid the Annual Listing Fees of the Stock Exchanges and Annual Custodial Fees of the Depositories for the year 2016-2017.

vi. Market Price Data (high, low in each month in last financial year)

Month	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2015	874.00	567.00	5,25,234	874.90	602.25	21,87,263
May 2015	764.75	642.00	3,04,477	764.70	643.95	13,64,456
June 2015	685.00	541.50	2,13,467	682.00	537.05	10,93,180
July 2015	775.00	624.05	4,16,781	775.50	623.00	19,02,997
August 2015	710.00	525.10	1,94,984	708.60	520.05	9,61,264
September 2015	619.00	469.50	1,61,434	619.90	467.50	6,28,026
October 2015	642.00	552.50	1,26,142	641.95	551.15	2,83,895
November 2015	619.50	508.05	1,96,149	620.00	498.20	5,12,569
December 2015	600.35	515.00	1,27,743	601.10	515.00	3,08,620
January 2016	600.10	485.00	75,342	599.50	483.10	2,77,519
February 2016	535.90	451.95	51,994	540.00	452.00	2,00,017
March 2016	500.00	443.00	85,165	500.00	440.05	1,49,133

vii. Performance in Comparison





viii. Registrar & Transfer Agents & address for Correspondence:

M/s. Sharepro Services (India) Pvt. Ltd.
13 AB Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka,
Andheri (E), Mumbai - 400 072.
Telephone: 022-67720300/400
Fax No.: 022-28591568.
E-mail: sharepro@shareproservices.com
Website: www.shareproservices.com

The Company has appointed M/s. Link Intime India Pvt. Ltd. with effect from 26th April, 2016 and details of the same are as follows:

M/s. Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup West,
Mumbai - 400 078, Maharashtra
Tel. No. 022 – 2594 6970
Email ID: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

The shareholders are requested to address all their communications/suggestions/grievances to the Share Transfer Agents at the above address.

ix. Share transfer System

To expedite the transfer process in the physical segment, authority has been delegated to the Share Transfer Committee, which comprises of Shri Rashesh C. Gogri, Managing Director, Shri Harshit M. Savla, Jt. Managing Director and Shri Harit P. Shah, Whole-time Director of the Company. Committee meets every week for approval of the transfer request.

Reports on Share Transfer/Transmission are placed before the Stakeholders Grievances Committee and the Board from time to time.

x. Shareholding Pattern as on 31st March, 2016:

Category	No. of Shares	%
Promoters – Indian	1,49,96,836	61.93
Bodies Corporate	2,30,812	0.95
Banks, Financial Institutions	15,409	0.06
Mutual Funds/Trust	8,80,776	3.64
FII/NRI/OCB	1,39,822	0.58
Public	79,53,445	32.84
Total	**2,42,17,100**	**100.00**

xi. Distribution of Shareholding as on 31st March, 2016

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
Less than 500	15,352	90.22	16,20,076	6.69
501-1000	842	4.94	6,47,809	2.68
1001-2000	389	2.28	6,03,407	2.49
2001-3000	129	0.76	3,29,857	1.36
3001-4000	58	0.34	2,09,314	0.86
4001-5000	45	0.27	2,06,803	0.85
5001-10000	82	0.48	5,94,649	2.46
Above 10000	121	0.71	2,00,05,185	82.61
TOTAL	**17,018**	**100.00**	**2,42,17,100**	**100.00**

xii. Dematerialization of Shares and Liquidity

Sr. No.	Mode of Holding	% age
1.	NSDL	91.54
2.	CDSL	06.17
3.	Physical	2.29
	Total	100.00

97.71% of Company's paid-up Equity Share Capital has been dematerialized up to 31st March, 2016 (97.48% up to 31st March, 2015). Trading in Equity Shares of the Company is permitted only in dematerialized form.

Liquidity of Shares:

The Shares of the Company are traded under 'B' category at BSE Ltd. The Shares are also traded regularly at the National Stock Exchange of India Ltd.

xiii. ADRs/GDRs/Warrants

The Company has not issued any GDRs/ADRs/Warrants or any other convertible instruments.

xiv. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

During the year 2015-16, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 24.4 to the Annual Acounts.

xv. Plant Locations

Plot No. N-198, G-60, E-1, E-120, K-40, K-41, E-9/3, E-9/4, E-21, E-22, W-60, W-61, W-62, W-71, W-72 and W-73 MIDC Industrial Area, Tarapur, Village Pamtermbhi, Dist. Palghar - 401 506, Maharashtra.

Plot Nos. 211, 213, 2601, 2602, 2603, 2902/2904, GIDC, Sarigam - 396155, Dist. Valsad, Gujarat.

R&D Centres:

Plot No. E-1, MIDC Industrial Area, Tarapur, Village Pamtermbhi, Dist. Palghar – 401 506, Maharashtra.

xvi. Address for Correspondence

Corporate Office: Mahendra Industrial Estate, Ground Floor, Plot No. 109D, Road No. 29, Sion (E), Mumbai - 400 022, Maharashtra

Registered Office: Plot No. 198, MIDC, Tarapur, Village-Pamtermbhi, Dist. Palghar - 401 506, Maharashtra.

xvii. Compliance Officer:

Shri Sunny D. Pagare, Company Secretary of the Company has resigned w.e.f. 1st December, 2015 and Shri Vibhav S. Ranade appointed as a Company Secretary & Compliance Officer w.e.f. 22nd February, 2016.

Mr. Vibhav S. Ranade, Company Secretary
Mahendra Industrial Estate,
Ground Floor, Plot No. 109D,
Road No. 29, Sion (E),
Mumbai - 400 022, Maharashtra

The Company has following separate email ID to resolve investor's grievances **investorrelations@aartidrugs.com**.

xviii. Details with respect to Demat Suspense Account/Unclaimed Share Certificate as per regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Demat		Physical	
	No. of Shareholders	No. of equity shares	No. of Shareholders	No. of equity shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2015.	216	24,950	–	–
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	1	800	–	–
No. of shareholders to whom shares were transferred from the suspense account during the year.	1	800	–	–
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2016.	215	24,150	–	–

The voting rights on the shares outstanding in the suspense accounts as on 31st March, 2016 shall remain frozen till rightful owner of such shares claim the shares.

xviv. CEO/CFO Certification

As required under Regulations 17(8) and 33(2)(a) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, certificates are duty signed by Shri Prakash M. Patil, CEO and Shri Adhish P. Patil, CFO.

For and on behalf of the Board of Directors of Aarti Drugs Limited

Sd/-

Prakash M. Patil
Chairman & Managing Director
DIN : 00005618

Place : Mumbai
Date : 5th May, 2016

Compliance with Code of Business Conduct and Ethics

All the Directors and the Senior Management Personnel have affirmed Compliance of the Code of Conduct laid down by the Board of Directors in terms of Regulation 17(5)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board of Directors of Aarti Drugs Limited

Sd/-

Prakash M. Patil
Chairman, Managing Director & CEO
DIN : 00005618

Place : Mumbai
Date : 5th May, 2016

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Aarti Drugs Limited
Mumbai

We have examined the compliance of conditions of corporate governance by Aarti Drugs Ltd. for the year ended on 31st March 2016, as stipulated in clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement/Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANT
Firm Registration No.: 103264W

Sd/-
CA TEJAS J. PARIKH
PARTNER
M. No. 123215

Place: Mumbai
Date: 5th May, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AARTI DRUGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of AARTI DRUGS LIMITED ("the Company"), which comprise the Balance sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

These responsibilities also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, 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.

Auditor's responsibility

Our responsibility is to express an opinion based on our audit of these financial statements.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by 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, 2016 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of Section 143 (11) of the Companies Act 2013, we give in the Annexure - A, a statement on the matters specified in paragraph 3 & 4 of the order.

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 purposes 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 and Cash Flow Statement dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of written representations received from the directors as on 31st March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

   (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 our separate report in "Annexure - B"; and

   (g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us :

      i. The Company has disclosed the impact of pending litigations as at 31st March, 2016 on its financial position in its financial statements. Refer Note no: 24.2 of the Financial Statements.

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No.: 103264W

Sd/-
CA TEJAS J. PARIKH
PARTNER
M. No. 123215

Place: Mumbai,
Date: 5th May, 2016

ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT

In the Annexure, as required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government in terms of Section 143 (11) of the Companies Act 2013, on the basis of checks, as we considered appropriate, we report on the matters specified in paragraph 3 and 4 of the said order to the extent applicable to the Company.

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) The Company has phased programme of physical verification of fixed assets by which all fixed assets are verified over a period of three years. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and nature of the assets. We have been informed that no material discrepancy was noted on such physical verification.

(c) According to the information and explanations given to us and on the basis of examination of the records of the Company, title deeds of immovable properties other than self constructed immovable properties (buildings), are held in the name of the Company except Leasehold Lands Plot no's R-A/13, E-106, E-105, S-33/34 (aggregate book value of ₹ 26.57 lakhs) are in the name of erstwhile entities which are merged with Company. According to explanations obtained from management, in view of merger through court scheme, leasehold land rights are deemed to be transferred to the Company and procedure for transferring in the name of the Company is in progress.

(ii) The stock of inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties, confirmation of such stocks with the third parties has been obtained by the Company. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on physical verification of stocks as compared to book records were not material; however the same have been dealt with the books of account.

(iii) The Company had granted loans to its wholly owned subsidiary covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') during the year.

(a) In our opinion, the rate of interest and other terms and conditions on which the loans was granted was not, prima facie, prejudicial to the interest of the Company.

(b) The borrower have been regular in the payment of the principal and interest as stipulated by the management..

(c) The borrower has repaid the loan as at the year end and hence there is no overdue amounts in respect of such loan granted.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of section 185 and 186 of the Act, with respect to loans and investments made.

(v) The Company has not accepted any deposits from public during the year.

(vi) The Company has maintained cost records as required under sub section 1 of section 148 of the Companies Act, 2013. We have not, however, carried out a detailed examination of such records.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including the Provident Fund, Employees state insurance, Income tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax, cess and any other statutory dues applicable to it.

(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, custom duty, excise duty and value added tax which have not been deposited on account of any dispute except the following:

Name of the Statute/Nature of the Dues	Financial Year	Forum where dispute is pending (₹ in Lakhs)		Total (₹ in Lakhs)
		Commissioner/ Dy. Commisioner	Appellate Authorities and Tribunals	
The Central Excise Act, 1944/Custom Duty/Service Tax/Interest & Penalty	FY 2007-08	–	38.88/-	38.88/-
Maharashtra Sales Tax Act, 2002/ Sales Tax	FY 2007-08	15.18/-	–	15.18/-
Income Tax Act/Tax Interest & Penalty	FY 1999-2000, FY 2012-13	55.41/-	–	55.41/-
Total (₹ in Lakhs)		70.59/-	38.88/-	109.47/-

(viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues for loan taken from financial institutions or bank or debenture holders.

(ix) In our opinion and according to the information and explanation given to us, the term loans raised during the year were applied for the purpose for which the loans were obtained. The Company did not raise any money by way of public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanation given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No.: 103264W

Sd/-
CA TEJAS J. PARIKH
PARTNER
M. No. 123215

Place: Mumbai,
Date: 5th May, 2016

ANNEXURE – B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Aarti Drugs Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No.: 103264W

Sd/-
TEJAS J. PARIKH
Partner
M. No. 123215

Place: Mumbai,
Date: 5th May, 2016

Balance Sheet as at 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.		As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	1	**2,421.71**		2,421.71
Reserves & Surplus	2	**32,609.65**		27,948.53
			35,031.36	30,370.24
Non-current Liabilities				
Long-term Borrowings	3	**17,521.35**		15,147.46
Deferred Tax Liability (Net)		**4,041.20**		3,501.20
Other Long-term Liability	4	**1,026.93**		1,204.96
Long-term Provisions	5	**141.63**		28.95
			22,731.11	19,882.57
Current Liabilities				
Short-term Borrowings	6	**25,736.98**		25,126.59
Trade Payables	7	**16,418.14**		15,018.72
Other Current Liabilities	8	**4,224.33**		4,119.34
Short-term Provisions	9	**1,328.22**		2,175.71
			47,707.67	46,440.36
TOTAL			**105,470.14**	96,693.17
ASSETS				
Non-current Assets				
Fixed Assets	10	**46,276.70**		43,148.38
Capital Work-in-Progress		**3,404.47**		1,334.63
Non-current Investments	11	**1,111.51**		1,111.49
Long-term Loans and Advances	12	**474.48**		424.46
			51,267.16	46,018.97
Current Assets				
Inventories	13	**16,704.79**		15,336.49
Trade Receivables	14	**32,119.50**		30,759.01
Cash and Cash Equivalents	15	**450.35**		342.99
Short-term Loans and Advances	16	**1,883.80**		1,744.88
Other Current Assets	17	**3,044.54**		2,490.84
			54,202.98	50,674.20
TOTAL			**105,470.14**	96,693.17

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No: 103264W

Sd/-
(CA TEJAS J. PARIKH)
PARTNER

Place: Mumbai
Date: 5th May, 2016

For and on behalf of the Board of Directors

Sd/-
Prakash M. Patil
(Chairman & Managing Director)
DIN: 00005618

Sd/-
Harshit M. Savla
(Jt. Managing Director)
DIN: 00005340

Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
CS Vibhav S. Ranade
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
1. Income from Operations			
Gross Sales/Income from Operations		**116,609.60**	116,993.80
Less : Excise Duty & Sales Tax		**9,536.34**	8,545.57
Net Sales/Income from Operations		**107,073.26**	108,448.23
Other Operating Income	18	**476.29**	274.20
Total Income from Operations (net)		**107,549.55**	108,722.43
2. Expenditure			
(a) Cost of materials consumed	19	**68,298.12**	67,843.96
(b) Purchase of stock-in-trade (net)		**3,651.65**	8,721.17
(c) Changes in inventories of finished goods, work-in-progress		**(524.62)**	(2,357.66)
(d) Employee benefits expense	20	**4,135.67**	3,730.43
(e) Depreciation and amortisation expense	21	**3,558.41**	3,066.35
(f) Other expenses	22	**14,818.42**	13,888.97
Total Expenses		**93,937.66**	94,893.22
3. Profit from Operations before Other Income, finance costs and exceptional items (1-2)		**13,611.89**	13,829.21
4. Other Income		–	64.99
5. Profit from ordinary activities before interest and exceptional items		**13,611.89**	13,894.20
6. Interest	23	**4,328.35**	3,887.70
7. Profit from ordinary activities after interest but before Exceptional Items		**9,283.54**	10,006.49
8. Exceptional Items -		–	–
9. Profit from Ordinary Activities before Tax		**9,283.54**	10,006.49
10. Tax Expenses (includes)		**2,655.00**	2,246.54
Provision for Taxation — Current		**2,115.00**	2,100.00
— MAT Credit Entitlement		–	(100.00)
— Earlier Year		–	(153.46)
Provision for Deferred Taxation		**540.00**	400.00
11. Net profit from ordinary activities after Tax		**6,628.54**	7,759.95
12. Net Profit for the period		**6,628.54**	7,759.95
13. Earning per share (EPS)			
Basic/Diluted (in ₹)		**27.37**	32.04
14. Notes on Financial Statement	24		

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No: 103264W

Sd/-
(CA TEJAS J. PARIKH)
PARTNER

Place: Mumbai
Date: 5th May, 2016

For and on behalf of the Board of Directors

Sd/-
Prakash M. Patil
(Chairman & Managing Director)
DIN: 00005618

Sd/-
Harshit M. Savla
(Jt. Managing Director)
DIN: 00005340

Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
CS Vibhav S. Ranade
Company Secretary

Notes forming part of Balance Sheet as at 31st March, 2016

(₹ in Lakhs)

	As at 31st March, 2016	As at 31st March, 2015
NOTE NO. 1 – SHARE CAPITAL		
AUTHORISED :		
2,50,00,000 Equity shares of ₹ 10/- each	**2,500.00**	2,500.00
	2,500.00	2,500.00
ISSUED, SUBSCRIBED & PAID-UP :		
2,42,17,100 Equity Shares of ₹ 10/- each Issued, subscribed and fully paid-up	**2,421.71**	2,421.71

Reconciliation	**Numbers**	Value
Opening outstanding shares	24,217,100	**2,421.71**
Closing outstanding shares	24,217,100	**2,421.71**

Note: There is no movement in shares during the year. In the financial year 2014-15, 1,21,08,550 Equity Shares of Rs. 10/- have been allotted as fully paid bonus shares for every share held on record date 25th March, 2015.

Disclosures of shares held by each shareholders more than 5% shares

	As at 31st March, 2016		As at 31st March, 2015	
Name of holder	**No. of Shares held**	**% Held**	No. of Shares held	% Held
Prakash M. Patil	**2061619**	**8.51**	2046632	8.45

NOTE NO. 2 – RESERVES & SURPLUS

(₹ in Lakhs)

Particulars	As on 1st April, 2015	Addition during the year	Appropriation during the year	**As at 31st March, 2016**
Capital Reserves	200.74	–	–	**200.74**
Capital Redemption Reserve	210.27	–	–	**210.27**
Securities Premium Account	1,262.72	–	–	**1,262.72**
General Reserve	3,207.29	670.00	–	**3,877.29**
Profit & Loss Account	23,067.50	6,628.54	2,637.43	**27,058.62**
TOTAL Reserves – 31st March, 2016	27,948.53	7,298.54	2,637.43	**32,609.65**
Previous years figures 31st March, 2015	23,879.53	8,539.95	4,470.95	27,948.53

	As at 31st March, 2016	As at 31st March, 2015
NOTE NO. 3 – LONG-TERM BORROWINGS		
Term loans		
Secured borrowings		
From Scheduled Banks	**16,064.35**	14,072.46
Loans & advances from related parties		
From Directors – Unsecured	**857.00**	575.00
From Other – Unsecured	**600.00**	500.00
TOTAL	**17,521.35**	15,147.46

Notes forming part of Balance Sheet as at 31st March, 2016

(₹ in Lakhs)

	As at 31st March, 2016	As at 31st March, 2015
NOTE NO. 4 – OTHER LONG-TERM LIABILITY		
Trade payables of Project		
Due to micro enterprises and small enterprises	–	–
Due to others	**645.77**	813.80
Other – Deferred Payment Liability	**364.28**	364.28
– Trade Deposits	**16.88**	26.88
TOTAL	**1,026.93**	1,204.96
NOTE NO. 5 – LONG-TERM PROVISION		
Income Tax Provision (Net of Advance Tax and TDS)	**141.63**	28.95
TOTAL	**141.63**	28.95
NOTE NO. 6 – SHORT-TERM BORROWINGS		
Loans repayable on demand		
From Banks		
Secured Borrowings	**15,004.37**	15,919.07
Unsecured Borrowings	**10,732.61**	8,919.52
Loans & Advances from related parties		
From Directors – Unsecured	–	188.00
From Other – Unsecured	–	100.00
TOTAL	**25,736.98**	25,126.59
NOTE NO. 7 – TRADE PAYABLE		
Trade payables of Goods, Services & Expenses		
Due to micro enterprises and small enterprises	–	–
Due to others	**16,418.14**	15,018.72
TOTAL	**16,418.14**	15,018.72
NOTE NO. 8 – OTHER CURRENT LIABILITY		
Interest accrued but not due on Loans	**284.20**	295.35
Unpaid Dividend	**122.51**	85.47
Other Payable – Duties & Taxes	**591.64**	538.33
Long-term borrowing repayable in within 12 months	**3,225.98**	3,200.19
TOTAL	**4,224.33**	4,119.34
NOTE NO. 9 – SHORT-TERM PROVISION		
Provision for Employee benefits	**137.28**	147.85
Other Short Term Provisions – Goods & expenses	**1,190.94**	1,301.35
Proposed dividend	–	726.51
TOTAL	**1,328.22**	2,175.71

Notes forming part of Balance Sheet as at 31st March, 2016

NOTE NO. 10 – FIXED ASSETS

(₹ in Lakhs)

Particulars	GROSSBLOCK				DEPRECIATION				NETBLOCK	
	As on 1st April, 2015	Addition	Deduction	As at 31st March, 2016	As on 1st April, 2015	Current Depreciation	Deduction	Up to 31st March, 2016	As on 31st March, 2016	As on 31st March, 2015
Tangible Assets										
Land	2,909.23	293.27	–	**3,202.49**	–	–	–	–	**3,202.49**	2,909.23
Building	10,591.93	768.17	–	**11,360.10**	1,808.27	372.63	–	**2,180.91**	**9,179.19**	8,783.65
Furniture	714.14	38.73	–	**752.87**	232.63	84.75	–	**317.38**	**435.49**	481.51
Office Equipments	270.26	35.55	–	**305.80**	164.47	43.99	–	**208.47**	**97.34**	105.79
Plant & Machineries	47,619.99	4,795.51	–	**52,415.50**	17,053.65	2,848.00	–	**19,901.65**	**32,513.85**	30,566.34
Vehicles	281.50	15.23	0.51	**296.21**	110.64	41.00	0.10	**151.54**	**144.68**	170.86
Intangible Assets										
Tradename	225.00	–	225.00	–	225.00	–	225.00	–	–	–
Technical Know How	2,467.20	–	2,467.20	–	2,467.20	–	2,467.20	–	–	–
Process Development (R&D)	1,430.15	740.70	1,430.15	**740.70**	1,299.15	168.03	1,430.15	**37.03**	**703.66**	131.00
Total	**66,509.39**	**6,687.14**	**4,122.86**	**69,073.67**	**23,361.02**	**3,558.41**	**4,122.45**	**22,796.97**	**46,276.70**	**43,148.38**
Previous Year	58,113.01	9,114.83	718.44	66,509.39	20,860.39	3,066.35	565.72	23,361.02	43,148.38	

Note:

1) Trade Name & Technical Know-how are not internally generated while process development are internally generated.
2) Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ 92.48 Lakhs (Previous year ₹ 235.86 Lakhs).
3) Building addition includes Capital Expenditure incurred on R&D of ₹ 38.11 Lakhs (Previous year ₹ 446.54 Lakhs).
4) Remaining period of Amortisation of Intangible assets mentioned are as follow:

Particulars	WDV as on 31st March, 2016	Remaining period of Amortization
Process Development (R&D)	70,366,224	57 Months

Notes forming part of Balance Sheet as at 31st March, 2016

NOTE NO. 11 – NON-CURRENT INVESTMENTS (₹ in Lakhs)

Name of the Company	Opening Balance	Add Acquisition during the year	Less Disposed during the year	Closing Balance	Face Value (₹)	**As at 31/03/2016 (₹)**	As at 31/03/2015 (₹)
A. TRADE INVESTMENTS						**NIL**	NIL
B. OTHER INVESTMENTS							
a. Investments in Equity Instruments							
Aarti Industries Ltd.	**750**	–	–	**750**	5/-	**0.06**	0.06
Alembic Ltd.	**180**	–	–	**180**	2/-	**0.01**	0.01
Alembic Pharmaceuticals Ltd.	**90**	–	–	**90**	2/-	–	–
Aurobindo Pharma Ltd.	**50**	50	–	**100**	1/-	**0.02**	0.02
Sanofi India Ltd. (Aventis Pharma Ltd.)	**5**	–	–	**5**	10/-	**0.02**	0.02
Cadila Healthcare Ltd.	**15**	60	–	**75**	10/-	**0.01**	0.01
Cipla Ltd.	**62**	–	–	**62**	2/-	**0.07**	0.07
Dabur India Ltd.	**300**	–	–	**300**	1/-	**0.06**	0.06
Dr Reddy's Laboratories Ltd.	**4**	–	–	**4**	5/-	**0.02**	0.02
Fresenius Kabi Oncology Ltd. (Dabur Pharma Ltd.)	**25**	–	–	**25**	10/-	–	–
Glenmark Pharmaceuticals Ltd.	**100**	–	–	**100**	1/-	**0.01**	0.01
Godavari Drugs Ltd.	**0**	25	–	**25**	1/-	**0.02**	–
Ipca Laboratories Ltd.	**1,050**	–	–	**1,050**	2/-	**0.25**	0.25
Ind-Swifts Laboratories Ltd.	**5**	–	–	**5**	10/-	–	–
Ind-Swifts Ltd.	**25**	–	–	**25**	2/-	–	–
Jagsonpal Pharmaceuticals Ltd.	**40**	–	–	**40**	5/-	–	–
J.B.Chemicals & Pharmaceuticals Ltd.	**500**	–	–	**500**	2/-	**0.21**	0.21
Kopran Ltd.	**5**	–	–	**5**	10/-	–	–
Krebs Bio Chemicals & Industries Ltd.	**100**	–	–	**100**	10/-	**0.26**	0.26
Piramal Glass Ltd. (Kojam Finivest Ltd.)	**14**	–	–	**14**	10/-	–	–
Lupin Ltd.	**50**	–	–	**50**	2/-	**0.01**	0.01
Mylan Laboratories Ltd. (Matrix Labortories Ltd.)	**50**	–	–	**50**	2/-	**0.02**	0.02
Morepen Laboratories Ltd.	**5**	–	–	**5**	2/-	–	–
Natco Pharma Ltd.	**5**	20	–	**25**	10/-	–	–
Neuland Laboratories Ltd.	**100**	–	–	**100**	10/-	**0.34**	0.34
Piramal Enterprises Ltd (Piramal Health)	**297**	–	–	**297**	2/-	**0.44**	0.44
Novartis (I) Ltd.	**5**	–	–	**5**	5/-	**0.01**	0.01
Orchid Chemicals & Pharmaceuticals Ltd.	**7**	–	–	**7**	10/-	**0.01**	0.01
Panacea Biotec Ltd.	**5**	–	–	**5**	1/-	–	–
Pfizer Ltd.	**14**	–	–	**14**	10/-	**0.06**	0.06
Piramal Life Sciences Ltd. (PIRMAL PHYTOCARE LIMITED	**29**	–	–	**29**	10/-	–	–
Ranbaxy Laboratories Ltd.	**4**	–	4	**0**	5/-	–	0.01
Reliance Capital Ltd.	**5**	–	–	**5**	10/-	–	–
Reliance Communication Ltd.	**116**	–	–	**116**	10/-	–	–
Reliance Infrastructure Ltd. (Reliance Energy Ltd.)	**8**	–	–	**8**	10/-	–	–
Reliance Industries Ltd.	**232**	–	–	**232**	10/-	**0.10**	0.10

Notes forming part of Balance Sheet as at 31st March, 2016

(₹ in Lakhs)

Name of the Company	Opening Balance	Add Acquisition during the year	Less Disposed during the year	Closing Balance	Face Value (₹)	**As at 31/03/2016 (₹)**	As at 31/03/2015 (₹)
Reliance Power Ltd.	**29**	–	–	**29**	10/-	–	–
Shasun Pharmaceutical Ltd. (Shasun Chemical & Drugs Ltd.)	**500**	–	500	**0**	2/-	–	0.17
Strides Arcolab Ltd.	**100**	156	–	**256**	10/-	**0.39**	0.22
Sun Pharma Advanced Research Co. Ltd.	**10**	–	–	**10**	10/-	–	–
Sun Pharmaceuticals Industries Ltd.	**100**	3	–	**103**	1/-	**0.03**	0.02
Marksans Pharma Ltd. (Tasc Pharma Ltd.)	**1,000**	–	–	**1,000**	1/-	**0.05**	0.05
Torrent Pharmaceuticals Ltd.	**40**	–	–	**40**	5/-	**0.01**	0.01
Unichem Laboratories Ltd.	**1,000**	–	–	**1,000**	2/-	**0.25**	0.25
Zydus Wellness Ltd.	**2**	–	–	**2**	10/-	–	–
Bank of Baroda	**7,500**	–	–	**7,500**	10/-	**1.26**	1.26
Bank of India	**2,300**	–	–	**2,300**	10/-	**1.04**	1.04
Union Bank of India	**2,523**	–	–	**2,523**	10/-	**2.78**	2.78
						7.83	7.81
Perfect Enviro Control Systems Ltd.	**240,200**	–	–	**240,200**	10/-	**24.02**	24.02
The Shamrao Vitthal Co-op Bank Ltd.	**100**	–	–	**100**	25/-	**0.03**	0.03
The Saraswat Co-op Bank Ltd.	**10,100**	–	–	**10,100**	10/-	**1.01**	1.01
Tarapur Environment Protection Society	**17,997**	–	–	**17,997**	100/-	**18.00**	18.00
Amit Hetrochem (I) Ltd.	**291,690**	–	–	**291,690**	10/-	**222.23**	222.23
Aarti Biotech Ltd.	**1,200**	–	–	**1,200**	10/-	**0.12**	0.12
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.	**308**	–	–	**308**	*1–0/-	**189.51**	189.51
Subsidiary							
Pinnacle Life Science Pvt. Ltd.	**7,782,750**	–		**7,782,750**	10/-	**648.56**	648.56
						1,103.48	1,103.48
b. Investment in Government or Trust Securities							
N.S.C. (One Certificate of ₹ 1000/- Face Value)	**1**	–	–	**1**		**0.01**	0.01
						0.01	0.01
c. Investment in Debentures or Bonds							
Unit Trust of India (US-64)	**190**	–	–	**190**	100/-	**0.19**	0.19
						0.19	0.19
Aggregate Amount of Quoted Investments & Market Value						**8.03**	8.01
Aggregate Amount of Unquoted Investment						**1,103.48**	1,103.48
TOTAL						**1,111.51**	1,111.49

(Aggregate market value of quoted investment : as at 31st March, 2016 ₹ 4,641,585/- and as at 31st March, 2015 ₹ 3,909,819/)

*Face Value of 1 share = 10000 RMB

Notes forming part of Balance Sheet as at 31st March, 2016

(₹ in Lakhs)

	As at 31st March, 2016	As at 31st March, 2015
NOTE NO. 12 – LONG-TERM LOANS & ADVANCES		
Unsecured – consider good		
Capital Advances	**474.48**	424.46
TOTAL	**474.48**	424.46
NOTE NO. 13 – INVENTORIES		
Stores & Spares	**444.58**	406.83
Packing Materials	**76.49**	52.88
Raw Materials	**6,409.45**	5,662.14
Finished Goods	**3,804.29**	4,729.00
Work in process	**5,895.11**	4,445.78
Stock in Trade	**74.87**	39.86
TOTAL	**16,704.79**	15,336.49
NOTE NO. 14 – TRADE RECEIVABLES		
Unsecured, considered good		
Exceeding 6 months	**760.13**	686.72
Others	**31,359.37**	30,072.29
TOTAL	**32,119.50**	30,759.01
NOTE NO. 15 – CASH & CASH EQUIVALENTS		
Cash on Hand	**27.31**	20.83
Cheques on Hand	**266.49**	197.03
Balances with Scheduled Banks :		
– Current Accounts	**8.46**	14.09
– Deposit Accounts	**25.58**	25.58
Earmarked balance – unpaid dividend	**122.51**	85.47
TOTAL	**450.35**	342.99
NOTE NO. 16 – SHORT TERM LOANS & ADVANCES		
Unsecured, Consider good		
Advances recoverable in cash or kind or for value to be received	**1,796.88**	1,654.17
Advances and loans – Staff & workers	**86.92**	90.70
TOTAL	**1,883.80**	1,744.88
NOTE NO. 17 – OTHER CURRENT ASSETS		
Deposits	**779.03**	566.66
Others – Excise & Service Tax	**2,265.51**	1,924.18
TOTAL	**3,044.54**	2,490.84

Notes forming part of Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in Lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
NOTE NO. 18 – OTHER OPERATING INCOME		
Dividend	**1.15**	–
Interest	**65.34**	80.96
Miscellaneous income	**60.59**	193.23
Insurance Claims	**349.22**	–
TOTAL	**476.29**	274.20
NOTE NO. 19 – COST OF MATERIALS CONSUMED		
Raw Material Consumption	**65,963.59**	65,413.92
Packing Materials	**1,004.68**	1,142.38
Freight Inward	**850.94**	834.40
Clearing & Forwarding	**478.92**	453.26
TOTAL	**68,298.12**	67,843.96
NOTE NO. 20 – EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus (Mfg.)	**2,837.54**	2,453.31
Labour Welfare Expenses	**196.50**	160.44
Salaries and Bonus (Admin.)	**472.41**	475.65
Provident Fund Contribution	**174.74**	167.16
Staff Welfare Expenses	**11.45**	11.12
Directors' Remuneration	**443.03**	462.75
TOTAL	**4,135.67**	3,730.43
NOTE NO. 21 – DEPRECIATION AND AMORTISATION		
Depreciation	**3,390.37**	2,884.27
Amortisation	**168.03**	182.08
TOTAL	**3,558.41**	3,066.35
NOTE NO. 22 – OTHER EXPENSES		
Manufacturing Expenses		
Processing Charges	**862.88**	975.18
Labour Charges	**2,031.24**	1,694.46
Insurance Expenses	**108.52**	147.30
Lease Expenses	**70.81**	13.60
Power & Fuel	**5,102.65**	4,789.88
Stores & Spares	**569.38**	601.05
Repairs & Maintenance – Building	**32.73**	36.56
– Plant & Machinery	**263.50**	241.39
Research & Development	**387.60**	303.97
Water Charges	**134.87**	112.56
Laboratory Expenses	**444.24**	280.91
Other Factory Expenses	**1,207.44**	1,234.22
Sub Total (a)	**11,215.86**	10,431.08

Notes forming part of Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in Lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Office & Administration Expenses		
Books & Periodicals	**0.16**	0.24
Auditors' Remuneration	**7.52**	5.97
Conveyance Expenses	**28.78**	26.91
Legal & Professional Charges	**154.28**	137.78
Membership & Subscriptions	**3.46**	3.23
Printing & Stationery	**24.06**	25.63
Postage, Telegram & Telephone	**31.21**	29.21
Office Electricity Charges	**26.26**	28.00
Insurance Charges	**32.56**	26.99
Repairs & Maintenance – Others	**44.47**	32.55
Entertainment Expenses	**13.48**	14.31
Miscellaneous Expenses	**54.98**	33.42
Vehicle Expenses	**11.62**	7.91
Travelling Expenses – Directors	**11.36**	11.97
– Others	**35.90**	36.60
Directors' Sitting Fees	**5.70**	6.90
Loss on sale of Assets	**0.19**	–
Sub Total (b)	**485.97**	427.62
Selling & Distribution		
Advertisement & Sales Promotion	**118.51**	137.75
Freight & Forwarding - Export	**1,016.20**	1,163.04
Freight & Forwarding - Local	**290.28**	268.31
Commission Expenses	**751.60**	790.83
Insurance Expenses	**25.22**	39.98
Postage & Telegram	**15.77**	13.07
Other Export Expenses	**110.58**	73.81
Bad Debts & other written off	**206.45**	96.29
Sub Total (c)	**2,534.61**	2,583.08
Finance Cost		
Bank Charges	**405.69**	333.76
Sub Total (d)	**405.69**	333.76
Non Operative Expenses		
Donations	**0.92**	8.43
CSR Expenditure	**175.38**	105.00
Sub Total (e)	**176.30**	113.43
TOTAL (a+b+c+d+e)	**14,818.42**	13,888.97
NOTE NO. 23 – INTEREST		
Interest on Term Loans	**1,808.02**	1,237.75
Interest on Working Capital	**2,355.07**	2,430.38
Interest on Others	**165.26**	219.57
TOTAL	**4,328.35**	3,887.70

Notes annexed to and forming part of Accounts for the year ended 31st March, 2016

PART – A

24.1 Significant Accounting Policies :

a. Basis of Preparation

The financial statement have been prepared and presented under the historical cost convention on as accrual basis of accounting and in accordance with generally accepted accounting principles in India and comply in all material aspects with the applicable accounting standards notified under the relevant provisions of the Companies Act 2013.

b. Fixed assets and depreciation

i) Fixed assets include all expenditure of capital nature and are stated at cost of acquisition, installation and commissioning and related borrowing cost less depreciation. Fixed asset values are stated at historical cost. Depreciation on fixed assets other than land is charged under the straight-line method in accordance with Schedule II of the Companies Act, 2013. Product/Process development costs arising out of R&D are carried forward when their future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future economic benefit, from the related project, not exceeding ten years.

ii) Impairment loss indicates the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of the net selling price of an asset or its value in use. Value in use is present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The Company will recognize such losses whenever they arise.

c. Investments

Investments are classified into Current and Non-Current Investment. Current Investments are valued at lower of cost or fair value. Non- Current Investments are stated at cost. Provisions are made for diminution in value of investments, if any, other than those of temporary nature.

d. Valuation of Inventories

Inventories are stated at lower of cost or net realizable value, on the following basis:

i)	Raw materials, packing materials, stores and spares	– At cost on FIFO Method
ii)	Work in process	– At cost plus appropriate allocation of overheads
iii)	Finished Goods	– At cost plus appropriate allocation of overheads or net realizable value whichever is lower

e. Retirement Benefits

I. In respect of Gratuity and Superannuation fund, the Company's contribution to group insurance scheme of Life Insurance Corporation of India & Birla Sun Life Insurance Company Ltd. are charged against revenue.

II. Provision for incremental liability in respect of encashable privilege leave on separation benefit is made as per independent actuarial valuation at the year end.

f. Revenue Recognition

Revenue is recognized to the extent that probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- **Sale of Goods :**

  Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have been passed to the buyer, and is stated net of excise duty, sales tax, returns and trade discounts.
- **Export Benefits :**

  Export Benefits available under prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered receivable.
- Interest income is recognized using the time proportionate method, based on rates implicit in the transaction.
- Dividend income is recognized when the right to receive is established.

g. Borrowing Cost

Borrowing costs that are directly attributable to acquisition construction, or production of qualifying assets are capitalized as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

h. Foreign Currency Transactions

Transaction denominated in foreign currencies is recorded at the exchange rate that approximates the actual rate prevailing at the date of the transaction. Monetary item denominated in foreign currency at the year end are translated at year end rates. Non monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transactions. The premium in case of h forward contracts is dealt with in the Profit and

Loss Account proportionately over the period of contracts. The exchange differences arising on settlement/translation are dealt with in the Statement of Profit and Loss.

i. Research & Development Expenditure

Revenue expenditure on Research and Development is recognized as expense in the year in which it is incurred.

Capital expenditure on Research and Development is included as part of fixed assets and depreciation is provided on the same basis as for other fixed assets.

j. Income Tax

Tax expenses comprise of current tax and deferred tax, current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the Balance Sheet date.

k. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating lease. Operating Lease payments are recognised as an expense in the Profit and Loss Account of the year to which they relate.

24.2 Contingent Liabilities:

a. In respect of bank guarantees issued and L/C opened by the Company's bankers **₹ 3,785.03/-Lakhs** (As at 31st March, 2015 ₹ 4584.73 Lakhs)

b. Demand in respect of additional income tax disputed in appeal **₹ 351.44/-Lakhs** (As at 31st March, 2015 ₹ 1,133.91/- Lakhs), sales tax demand **₹ 15.18/- Lakhs** (As at 31st March, 2015 ₹ Nil) and demand in respect of additional Excise, custom duty, fine & penalty in appeal **₹ 38.88/-Lakhs** (As at 31st March, 2015 ₹ 78.51/- Lakhs)

c. Liability for duty on raw material imported under advance license benefit scheme against which export obligation remained to be fulfilled **₹ 259.45/-Lakhs** (As at 31st March, 2015 ₹ 189.86/- Lakhs)

d. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) **₹ 303.49/- Lakhs**. (As at 31st March, 2015 ₹ 1,212.67/- Lakhs)

e. The company has given corporate guarantee for borrowing facilities of **₹ 1,854/- Lakhs** from The Saraswat Co-Op. Bank Limited for its only subsidiary Pinnacle Life Science Private Ltd.

24.3 Securities for loans taken from Banks:

a. (₹ in Lakhs)

Bank Name	**As at 31st March, 2016**	As at 31st March, 2015	F.Y. 2016-17	Subsequent Years
Kotak Mahindra Bank Ltd.	3,609.19	4,812.25	1,203.06	2,406.13
DBS Bank Ltd.	–	455.00	–	–
State Bank of India	1,516.40	2,487.20	1,014.60	501.80
Standard Chartered Bank	–	277.20	–	–
The Shamrao Vithal Co-op Bank Limited	7,500.00	5,000.00	895.82	6,604.18
Bank of Baroda	6,664.75	4,241.00	112.50	6,552.25

Note:

1) Above term loan are secured by pari-passu first charge by way of mortgage of immovable properties and hypothecation of moveable fixed assets, both present and future situated at MIDC Boisar, viz Plot No. N-198, G-60, E21& E22, E-1, K-40, K-41, E120, E9/3 & E9/4, W-60(B), W61(B), W62(A), W71(B), W72(B), W73(B) and MIDC Turbhe Plot No. D-277 & D-278 in Maharashtra and at GIDC, Sarigam, Bhilad- Gujarat Viz. Plot No. 2902, 2904 & Plot No. 211, 213 & Plot No. 2601, 2602, 2603. The working directors of the company have personally guaranteed corporate loan of ₹ 1,516.40 Lakhs from State Bank of India.

2) Loan from Kotak Mahindra Bank, Standard Chartered Bank, The Shamrao Vithal Co-op Bank Ltd. is also secured by second charge on current assets of the company both present and future.

b. Loans from Scheduled Banks Payable on Demand of **₹ 15,004.37 lakhs** (Previous Year ₹ 15,919.07) are secured by hypothecation of Company's raw materials stock, stock-in-process, finished goods, packing materials, stores & spares, book debts, and all other current assets including goods in transit governed by documents of title and also pari-passu second charge by way of mortgage of immovable properties and hypothecation of movable fixed assets. Both present and future situated at MIDC Boisar, viz. Plot No. N-198, G-60, E21& E22, E-1, K-40, K-41, E120, E9/3, & E9/4, W-60(B),

Notes annexed to and forming part of Accounts for the year ended 31st March, 2016

W61(B), W62(A), W71(B), W72(B), W73(B) and at Turbhe Plot No. D-277 & D-278 in Maharashtra and in GIDC , Bhilad, Sarigam- Gujarat viz. Plot No. 2902, 2904, & 211, 213 & 2601, 2602, 2603.

24.4 The Company has foreign exchange exposure because of its trade related (export/import) fund related function. The company uses forward contracts, Options and Swaps to hedge against its foreign exchange exposures relating to underlying transactions. The Company does not enter into any derivatives instruments for trading or speculation purposes. During the year ended 31.03.2016, the company had hedge in aggregate an amount of ₹ **28,728.66/- Lakhs** (previous year ₹ 12,374.71/- Lakhs) out of its annual trade related operations (export & import) aggregating to ₹ **80,179.21/- Lakhs** (previous year ₹ 79,433.77/- Lakhs) after considering natural hedge. The company had hedge its outstanding foreign currency long term borrowing ₹ **Nil** (Previous year ₹ 732.20/- Lakhs).

24.5 There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st March, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

24.6 In the opinion of the Board, the Current Assets and Loans and Advances have a value on realization at least equal to the amounts at which they are stated in the Balance Sheet.

24.7 Segment-wise Disclosure as per Accounting Standard: 17.

I. BUSINESS SEGMENTS AS PRIMARY SEGMENTS

The Company is considered to be a single segment Company engaged in pharmaceuticals business, hence the disclosure requirement as per AS-17 'Business Segments as Primary Segment' is not attracted.

(₹ in Lakhs)

II.

	GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS	**For the year ended 31st March, 2016**	For the year ended 31st March, 2015
	Segment Revenue		
a)	Exports	**38,919.06**	41,171.22
b)	Others	**77,690.54**	75,822.58
	Total	**116,609.60**	116,993.80

Note:

Segmental capital employed:

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Company believes that currently it is not practicable to provide segment disclosures relating to total assets and liabilities.

24.8 Related party transactions:

Related party transactions disclosure as required by Accounting Standard – 18. 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India are given below:

A. Name and Relationship of the Related Parties:

3(a) Subsidiary – Wholly owned
Pinnacle Life Science Private Ltd.

3(c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of such individual.

1. Individuals

Mr. Chandrakant V. Gogri	Mr. Rajendra V. Gogri

2. Relatives of Individuals

Mrs. Jaya C. Gogri	Mr. Mirik R. Gogri
Mrs. Dhanvanti V. Gogri	Mr. Renil R. Gogri
Mrs. Aarti R. Gogri	Mrs. Hetal Gogri Gala

3(d) Key Management personnel along with their relatives have significant influence.

- Key Management Personnel

Mr. Prakash M. Patil	Mr. Harit P. Shah
Mr. Harshit M. Savla	Mr. Uday M. Patil
Mr. Rashesh C. Gogri	Mr. Sunny Pagare (Till 1st Dec, 2015 (Company Secretary)
Mr. Adhish Patil (CFO)	Mr. Vibhav S. Ranade (From 22nd Feb, 2016) (Company Secretary)

- Relatives of Key Management Personnel

Mrs. Priti P. Patil	Mrs. Seema H. Savla
Mr. Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Mr. Vishwa H. Savla
Mrs. Keserben P. Shah	Mrs. Jayashree H. Shah
Mr. Sameer P. Shah	Mr. Pragji M. Shah
Mrs. Arti T. Sankhe	Mrs. Manisha R. Gogri

3(e) Enterprise/firms over which controlling individuals have significant influence.

- Aarti Industries Ltd.
- Rupal Drugs LLP
- Alchemie Gases & Chemicals Pvt. Ltd.
- Alchemie Financial Services Ltd.
- Alchemie Laboratories

Note : Sr. 3(a), 3(c), 3(d), 3(e) refer to the relevant Para's of AS 18.

B. Transactions with the related parties during the year:

Note: Proportions given in the following statement belong to the respective accounting group as shown in the financial statements for the year ended 31st March, 2016.

Transaction with Related Parties	**Subsidiary Company**		**Enterprise/firms over which controlling individuals have significant influence**	
	C.Y.	P.Y.	**C.Y.**	P.Y.
	%	%	**%**	%
Sales & Income from Operations	**2.11**	0.24	–	0.01
Manufacturing Expenses	–	–	**1.44**	1.73
Borrowing costs	–	–	**1.36**	2.04
Outstanding Payable	–	0.01	**1.83**	0.98
Outstanding Receivable	**4.04**	0.77	–	–
Outstanding Unsecured Loan	–	–	**4.39**	5.20

Notes annexed to and forming part of Accounts for the year ended 31st March, 2016

Transaction with Related Parties	Individuals		Relatives of Individuals		Key Management Personnel		Relative of Key Management Personnel	
	C.Y.	P.Y.	**C.Y.**	P.Y.	**C.Y.**	P.Y.	**C.Y.**	P.Y.
	%	%	**%**	%	**%**	%	**%**	%
Employee Benefits & Office & Administration Expenses	**0.04**	0.05	**0.91**	0.84	**30.87**	32.94	**2.12**	2.78
Borrowing costs	–	–	–	–	**1.80**	1.19	–	1.19
Unsecured Loans Accepted	–	–	–	–	**0.28**	3.82	–	0.02
Unsecured Loans Repaid	–	–	–	–	–	0.78	–	3.44
Outstanding Unsecured Loan	–	–	–	–	**7.03**	7.42	–	–

24.9 Sales/Income from Operation include export benefits amounting to **₹ 2,208.14/- Lakhs** (As at 31st March, 2015 ₹ 2,213.85/- Lakhs).

24.10 Directors Remuneration : (₹ in Lakhs)

Particulars	**Current Year**	Previous Year
Salary to Managing Directors and whole-time Directors	**171.60**	168.09
Bonus/Leave Travel Allowance/House Rent Allowance/Medical/Leave Salary	**34.39**	46.29
Commission payable to Directors	**194.49**	209.38
Contribution to Provident Fund	**1.08**	0.83
Superannuation fund scheme	**41.47**	38.15
Total Remuneration	**443.03**	462.75

24.11 Auditors' remuneration includes (₹ in Lakhs)

Particulars	**Current Year**	Previous Year
Statutory Audit	**4.86**	4.40
Other Audit Services	**2.25**	0.80
Certification	**0.41**	0.77
Total	**7.52**	5.97

24.12 Earning Per Share: (₹ in Lakhs, except share data)

Particulars	**Current Year**	Previous Year
Net Profit available for Equity Shareholder	**6,628.54**	7,759.95
Weighted Number of Equity Shares (Nos.)	**2,42,17,100**	2,42,17,100
Basic & Diluted EPS (after extraordinary items) (₹)	**27.37**	32.04
Nominal value per share (₹)	**10.00**	10.00

Notes annexed to and forming part of Accounts for the year ended 31st March, 2016

24.13 Deferred Tax Liability (Net) (₹ in Lakhs)

Particulars	Current Year	Previous Year
Deferred Tax Liability	**3,501.20**	3,101.20
Difference between depreciation as per Companies Act and Income Tax Act as on 31st March, 2016 after considering Amortization.	**540.00**	400.00
Net Deferred Tax Liability	**4,041.20**	3,501.20

24.14 Disclosure Regarding Scientific Research & Development Expenditure (₹ in Lakhs)

YEAR	REVENUE EXPENDITURE	CAPITAL EXPENDITURE
2013-2014	386.59	521.37
2014-2015	303.97	889.38
2015-2016	387.60	1,261.94*

* Capital expenditure includes expenditure on development of new process of ₹ 972.99/- Lakhs.

24.15 Employee Benefits:

a) Defined Benefit Plan

The employee's gratuity fund scheme managed by Life Insurance of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(₹ in Lakhs)

	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the Year	**697.44**	531.25
Current/Past Service Cost	**44.91**	34.25
Interest Cost	**55.51**	49.46
Actuarial(gain)/loss	**00.25**	106.12
Benefits Paid	**(23.29)**	(23.64)
Defined Benefit Obligation at year end	**774.82**	697.44
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	**725.63**	608.56
Expected return of plan assets	**57.76**	52.94
Actuarial gain/(loss)	**2.71**	6.45
Employer Contribution	**21.14**	81.31
Benefits Paid	**(23.29)**	(23.64)
Fair value of plan assets at year end	**783.95**	725.63
Actual return on plan assets	**60.47**	59.39

Notes annexed to and forming part of Accounts for the year ended 31st March, 2016

	Gratuity (Funded) Current Year	Gratuity (Funded) Previous Year
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets as at 31st March, 2016	**783.95**	725.63
Present value of obligation as at 31st March, 2016	**(774.82)**	(697.44)
Amount Recognized	**9.13**	28.19
d. Expenses recognized during the year		
Current/Past Service cost	**44.91**	34.25
Interest cost	**55.51**	49.46
Expected return on plan assets	**(57.76)**	(52.94)
Actuarial (gain)/loss	**(2.47)**	99.67
Net Cost	**(2.25)**	(3.49)
L.I.C Group Gratuity (Cash Accumulation) Policy & Birla Sun Life Insurance Company Ltd Group Gratuity Policy.	**97.37% Invested with L.I.C. & 2.63% B.S.I.L.**	100% Invested with L.I.C.
e. Actuarial assumptions		
Mortality Table (L.I.C.)	–	–
	2006-08	2006-08
	(Ultimate)	(Ultimate)
Discount rate (per annum)	**8.08%**	7.96%
Expected rate of return on plan assets (per annum)	**8.08%**	7.96%
Rate of escalation of in Salary (per annum)	**5%**	5%

The estimate of rate of escalation in salary considered in Actuarial valuation, take into account inflation, seniority, promotion, other relevant factors' including supply and Demand in the employment market. The above information is certified by the actuary.

b) Leave Encashment:

Leave Encashment liability amounting to **₹ 134.24 Lakhs** previous year (₹ 139.86 Lakhs) has been provided in the Accounts.

24.16 Additional information pursuant to the provisions of the Companies Act, 2013 (Figures in bracket related to 31st March, 2015)

a. Licensed capacity, installed capacity and production (as certified by the Management and not verified by the Auditors, it being a technical matter.)

(Qty in MT)

Class of Goods	Units	* Licensed	Installed	Production	Captive	Net Production
Pharmaceutical	Kgs	–	18,584	14,287.60	2,716.60	11,571.00
			(15,065)	(12,069.01)	(2,637.23)	(9,431.79)

* As license is not required Licensed Capacity not given.

Notes annexed to and forming part of Accounts for the year ended 31st March, 2016

		Quantity Kg	Amounts (₹ in lakhs)
b.	Purchase of trading items (net):		
	No. of Strips	**4,84,67,259**	**1,098.12**
		(11,98,96,594)	(7,384.53)
	Kgs	**12,94,147**	**2,553.53**
		(3,65,753)	(1,336.64)

		Percentage (%)	Amount (₹ in Lakhs)
c.	Value of Raw materials and spares consumed		
	Raw Material:		
	Indigenous	**33.03**	**21,787.63**
		(34.75)	(22,734.20)
	Imported	**66.97**	**44,175.96**
		(65.25)	(42,679.72)
	Stores and spares:		
	Indigenous	**100**	**569.38**
		(100)	(601.05)

		Current Year	(₹ in Lakhs) Previous Year
d.	C.I.F. Value of Imports		
	Raw Material	**44,324.64**	41,397.24
	Capital Goods	**251.31**	52.90
e.	Expenditure in Foreign Currency		
	Commission	**498.75**	518.44
	Travelling Expenses	**33.35**	25.50
	Sales Promotion	**70.30**	109.32
	Foreign Bank Charges	**59.26**	48.25
	Interest on F.C. Loan	**223.86**	245.63
	Others	**279.05**	216.48
f.	Earnings in Foreign Exchange		
	F.O.B. Value of Exports	**35,854.57**	38,036.53

Notes annexed to and forming part of Accounts for the year ended 31st March, 2016

24.17 As per Sec 135 of the Companies Act 2013, details of amount to be spent on Corporate Social Responsibility are as below. Gross amount to be spent on the CSR activity during the year is ₹ **167.14 Lakhs**. During the year Company has spent ₹ **175.38** Lakhs.

24.18 During the year company had entered in to lease transaction covering Lease term of 5 years. The Lease Transaction is covered as Operating Lease as per the Accounting Standard 19, and all lease payments are recognized as an expense in profit and loss account on straight line basis. Disclosures as per Accounting Standard 19, Lease Accounting are as below:

- **Total future minimum lease payments under non-cancellable operating lease for following periods.**

Period	Amount ₹ in Lakhs
Not Later than 1 year	157.03
Later than 1 year and not later than 5 years	569.32
Later than 5 years	–

24.19 Figures of the previous year have been regrouped and rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No: 103264W

Sd/-
(CA TEJAS J. PARIKH)
PARTNER

Place: Mumbai
Date: 5th May, 2016

For and on behalf of the Board of Directors

Sd/-
Prakash M. Patil
(Chairman & Managing Director)
DIN: 00005618

Sd/-
Harshit M. Savla
(Jt. Managing Director)
DIN: 00005340

Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
CS Vibhav S. Ranade
Company Secretary

CASH FLOW STATEMENT

(₹ in Lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
A.	**Cash Flow from Operating Activities**		
	Net Profit before Tax and Extraordinary items	**9,283.54**	10,006.49
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	**3,558.41**	3,066.35
	Interest Paid	**4,328.35**	3,887.70
	Interest Received	**(65.34)**	(80.96)
	Loss on Sale of Asset	**0.19**	–
	Operating Profit before Working Capital Charges	**17,104.00**	16,879.58
	Trade & Other Receivable	**(2,053.12)**	(2,383.36)
	Changes in Inventories	**(1,368.30)**	(2,663.90)
	Trade & Other Payable	**846.84**	344.31
	Cash generated from operation	**14,529.42**	12,176.63
	Direct Taxes Paid	**(2,002.32)**	(1,494.14)
	Net Cash Flow from Operating Activities	**12,527.10**	10,682.50
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets/Capital Work in Progress/Advances	**(8,806.99)**	(9,661.53)
	Sales/(Purchase) of Investment	**(0.02)**	(649.60)
	Sale of Fixed Assets	**0.22**	–
	Interest Received	**65.34**	80.96
	Net Cash Flow from Investing Activities	**(8,740.30)**	(10,230.17)
C.	**Cash Flow from Financing Activities**		
	Proceeds from Long Term Borrowings	**2,399.69**	7,038.55
	Proceeds from Unsecured Loans & from Scheduled Bank	**610.39**	(1,433.16)
	Dividend Paid	**(2,361.17)**	(2,266.83)
	Interest Paid	**(4,328.35)**	(3,887.70)
	Net Cash Flow from Financing Activities	**(3,679.44)**	(549.14)
	Net Increase in Cash and Cash Equivalents (A+B+C)	**107.36**	(96.81)
	Opening Cash and Cash Equivalents	**342.99**	439.80
	Closing Cash and Cash Equivalents	**450.35**	342.99

Note : (i) Figures in brackets indicate outflows
(ii) Cash and cash equivalent is cash and bank balance as per balance sheet
(iii) Fixed Deposits with bank amounting to ₹ **25.57 Lakhs** (previous year ₹ 25.57 Lakhs) under lien are considered as cash and cash equivalents.

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No: 103264W

Sd/-
(CA TEJAS J. PARIKH)
PARTNER

Place: Mumbai
Date: 5th May, 2016

For and on behalf of the Board of Directors

Sd/-
Prakash M. Patil
(Chairman & Managing Director)
DIN: 00005618

Sd/-
Harshit M. Savla
(Jt. Managing Director)
DIN: 00005340

Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
CS Vibhav S. Ranade
Company Secretary

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
AARTI DRUGS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AARTI DRUGS LIMITED ("the Company") and its subsidiary which comprise the Consolidated Balance Sheet as at 31st March, 2016 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including its subsidiary in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the Company including its subsidiary have responsibility in each of the respective Companies which also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective Companies and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, 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, which have been used for the preparation of the consolidated financial statements by the Company's Directors, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, based on the consideration of the reports of the other auditor on the financial statements/financial information of its subsidiary as noted below, the consolidated financial statements give the information required by 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 consolidated state of affairs of the Company, including its subsidiary as at 31st March, 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements/financial information of its only subsidiary whose financial statements/ financial information reflect total assets of ₹ 6,693.90 lakhs as at 31st March, 2016, total revenues of ₹ 8,584.07 lakhs

and net cash inflow of ₹ 16.73 lakhs for the year then ended as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditor whose report have been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of its subsidiary is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of consolidation of the accounts of its subsidiary have been received.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in the aggregate in agreement with the relevant underlying books of accounts maintained by the Company, its subsidiary respectively for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Company as on 31st March, 2016 taken on record by the Company's Directors and the relevant assertion contained in reports of the statutory auditor of its subsidiary incorporated in India, none of the directors of the Company and its subsidiary incorporated in India are disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its subsidiary company, incorporated in India and the operating effectiveness of such controls, refer our separate report in "Annexure - A"; and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations as at 31st March, 2016 which would impact the consolidated financial position. Refer note no 24.5 of the Consolidated Financial Statements.

      ii. The Company and its subsidiary did not have any long term contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. There were no amounts required to be transferred to the Investor Education and Protection Fund by its subsidiary.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No.: 103264W

Sd/-
CA TEJAS J. PARIKH
PARTNER
Membership No. 123215

Place: Mumbai,
Date: 5th May, 2016

ANNEXURE – A TO THE INDEPENDENT AUDITORS REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of Aarti Drugs Limited (hereinafter referred to as "the Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its subsidiary company, incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company and its subsidiary company, incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company and its subsidiary company, which are companies incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance

regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its only subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No.: 103264W

Sd/-
CA TEJAS J. PARIKH
PARTNER
Membership No. 123215

Place: Mumbai,
Date: 5th May, 2016

Consolidated Balance Sheet as at 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2016		As at 31st March, 2015
EQUITY AND LIABILITIES				
Shareholders' funds				
Share Capital	1	**2,421.71**		2,421.71
Reserves & Surplus	2	**33,318.08**		28,393.55
			35,739.79	30,815.26
Non-Current Liabilities				
Long-term Borrowings	3	**19,123.40**		16,347.46
Deferred Tax Liability (Net)		**4,041.81**		3,501.81
Other Long-term Liability	4	**1,070.80**		1,224.71
Long-term Provisions	5	**141.63**		28.95
			24,377.64	21,102.92
Current Liabilities				
Short-term Borrowings	6	**25,840.86**		25,242.73
Trade Payables	7	**18,489.88**		16,672.50
Other Current Liabilities	8	**4,380.36**		4,152.72
Short-term Provisions	9	**1,391.10**		2,208.03
			50,102.20	48,275.98
TOTAL			**110,219.63**	100,194.16
ASSETS				
Non-Current Assets				
Fixed Assets	10	**49,341.53**		44,846.40
Capital Work-in-Progress		**3,404.47**		1,605.79
Non-Current Investment	11	**463.45**		463.18
Long-term Loans & Advances	12	**487.68**		724.43
			53,697.13	47,639.80
Current Assets				
Inventories	13	**17,835.01**		16,419.56
Trade Receivable	14	**33,168.65**		31,427.30
Cash and Cash Equivalents	15	**482.12**		358.03
Short-term Loans and Advances	16	**1,923.89**		1,764.63
Other Current Assets	17	**3,112.83**		2,584.84
			56,522.50	52,554.36
TOTAL			**110,219.63**	100,194.16

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No: 103264W

Sd/-
(CA TEJAS J. PARIKH)
PARTNER

Place: Mumbai
Date: 5th May, 2016

For and on behalf of the Board of Directors

Sd/-
Prakash M. Patil
(Chairman & Managing Director)
DIN: 00005618

Sd/-
Harshit M. Savla
(Jt. Managing Director)
DIN: 00005340

Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
CS Vibhav S. Ranade
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
1.	**Income from Operations**			
	(a) Gross Sales/Income from Operations		**122,830.51**	117,960.27
	Less : Excise Duty & Sales Tax		**9,342.33**	8,533.11
	Net Sales/Income from Operations		**113,488.18**	109,427.16
	(b) Other Operating Income	18	**495.81**	261.24
	Total Income from Operations (net)		**113,983.99**	109,688.40
2.	**Expenditure**			
	(a) Cost of materials consumed	19	**72,102.14**	69,019.20
	(b) Purchase of stock-in-trade (net)		**5,059.86**	8,721.17
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		**(491.37)**	(2,729.94)
	(d) Employee benefits expense	20	**4,475.52**	3,792.82
	(e) Depreciation and amortization expense	21	**3,652.76**	3,102.23
	(f) Other expenses	22	**15,268.92**	13,982.95
	Total Expenses		**100,067.82**	95,888.43
3.	**Profit from Operations before Other Income, finance costs and exceptional items (1-2)**		**13,916.16**	13,799.98
4.	Other Income		–	64.99
5.	**Profit from ordinary activities before interest and exceptional items**		**13,916.16**	13,864.96
6.	**Interest**	23	**4,388.68**	3,892.99
7.	**Profit from ordinary activities after interest but before Exceptional Items**		**9,527.49**	9,971.97
8.	Exceptional Items -		–	–
9.	**Profit from Ordinary Activities before Tax**		**9,527.49**	9,971.97
10.	**Tax Expenses (includes)**		**2,655.00**	2,246.54
	Provision for Taxation — Current		**2,115.00**	2,100.00
	— MAT Credit Entitlement		–	(100.00)
	— Earlier Year		–	(153.46)
	Provision for Deferred Taxation		**540.00**	400.00
11.	**Net profit from ordinary Activities after Tax**		**6,872.49**	7,725.43
12.	**Net Profit for the period**		**6,872.49**	7,725.43
13.	**Earning Per Share (EPS)**			
	Basic/Diluted (in ₹)		**28.38**	31.90
14.	Notes on Financial Statement	24		

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No: 103264W

Sd/-
(CA TEJAS J. PARIKH)
PARTNER

Place: Mumbai
Date: 5th May, 2016

For and on behalf of the Board of Directors

Sd/-
Prakash M. Patil
(Chairman & Managing Director)
DIN: 00005618

Sd/-
Harshit M. Savla
(Jt. Managing Director)
DIN: 00005340

Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
CS Vibhav S. Ranade
Company Secretary

Notes forming part of Consolidated Balance Sheet as at 31st March, 2016

(₹ in Lakhs)

	As at 31st March, 2016	As at 31st March, 2015
NOTE NO. 1 – SHARE CAPITAL		
AUTHORISED :		
2,50,00,000 Equity shares of ₹ 10/- each	**2,500.00**	2,500.00
	2,500.00	2,500.00
ISSUED, SUBSCRIBED & PAID-UP :		
2,42,17,100 Equity Shares of ₹ 10/- each Issued, subscribed and fully paid up	**2,421.71**	2,421.71

Reconciliation	**Numbers**	**Value**
Opening outstanding shares	**24,217,100**	**2,421.71**
Closing outstanding shares	**24,217,100**	**2,421.71**

Note: There is no movement in shares during the year. In the financial year 2014-15, 1,21,08,550 Equity Shares of Rs. 10/- have been allotted as fully paid bonus shares for every share held on record date 25th March, 2015.

Disclosures of shares held by each shareholders more than 5% shares:

Name of holder	**As at 31st March, 2016**		As at 31st March, 2015	
	No. of Shares	% Holding	No. of Shares	% Holding
Prakash M. Patil	**2061619**	**8.51**	2046632	8.45

NOTE NO. 2 – RESERVE & SURPLUS

(₹ in Lakhs)

Particulars	As on 1st April, 2015	Addition during the year	Appropriation during the year	**As at 31st March, 2016**
Capital Reserves	680.28	–	26.01	**654.28**
Capital Redemption Reserve	210.27	–	–	**210.27**
Securities Premium Account	1,262.72	–	–	**1,262.72**
General Reserve	3,207.29	670.00	–	**3,877.29**
Profit & Loss Account	23,032.98	6,872.49	2,591.96	**27,313.51**
TOTAL	28,393.55	7,542.49	2,617.97	**33,318.08**

	As at 31st March, 2016	As at 31st March, 2015
NOTE NO. 3 – LONG-TERM BORROWINGS		
Term loans		
Secured borrowings		
From Scheduled Banks	**17,666.40**	**15,272.46**
Loans & advances from related parties		
From Directors – Unsecured	**857.00**	**575.00**
From Other – Unsecured	**600.00**	**500.00**
TOTAL	**19,123.40**	**16,347.46**

Notes forming part of Consolidated Balance Sheet as at 31st March, 2016

(₹ in Lakhs)

	As at 31st March, 2016	As at 31st March, 2015
NOTE NO. 4 – OTHER LONG-TERM LIABILITY		
Trade payables of Project		
Due to micro enterprises and small enterprises	–	–
Due to others	**689.63**	833.54
Other – Deferred Payment Liability	**364.28**	364.28
– Trade Deposits	**16.88**	26.88
TOTAL	**1,070.80**	**1,224.71**
NOTE NO. 5 – LONG-TERM PROVISION		
Income Tax Provision (Net of Advance Tax and TDS)	**141.63**	28.95
TOTAL	**141.63**	**28.95**
NOTE NO. 6 – SHORT-TERM BORROWINGS		
Loans repayable on demand		
From Banks		
Secured Borrowings	**15,106.68**	16,035.21
Unsecured Borrowings	**10,732.61**	8,919.52
Loans & Advances from related parties		
From Directors – Unsecured	**1.56**	188.00
From Other – Unsecured	–	100.00
TOTAL	**25,840.86**	25,242.73
NOTE NO. 7 – TRADE PAYABLE		
Trade payables of Goods, Services & Expenses		
Due to micro enterprises and small enterprises	–	–
Due to others	**18,489.88**	**16,672.50**
TOTAL	**18,489.88**	**16,672.50**
NOTE NO. 8 – OTHER CURRENT LIABILITY		
Interest accrued but not due on Loans	**284.20**	295.35
Unpaid Dividend	**122.51**	85.47
Other Payable – Duties & Taxes	**597.67**	571.71
Long-term borrowing repayable in within 12 months	**3,375.98**	3,200.19
TOTAL	**4,380.36**	4,152.72
NOTE NO. 9 – SHORT-TERM PROVISION		
Provision for Employee benefits (Bonus)	**174.03**	171.84
Other Short Term Provisions – Goods & expenses	**1,217.07**	1,309.68
Proposed dividend	–	726.51
TOTAL	**1,391.10**	2,208.03

Notes forming part of Consolidated Balance Sheet as at 31st March, 2016

NOTE NO. 10 – CONSOLIDATED FIXED ASSETS

(₹ in Lakhs)

Particulars	Op Gross Block as on 01-04-2015	Total Addition in Year	Deduction of GB	Clo Gross Block as on 31-03-2016	Op Acc Dep as on 01-04-2015	Total Current Year Dep	Deduction of Acc Dep	Clo Acc Dep as on 31-03-2016	Clo WDV as on 31-03-2016	Clo WDV as on 31-03-2015
Tangible Assets:										
Land	3,145.48	299.31	–	3,444.78	–	–	–	–	3,444.78	3,145.48
Building	11,478.16	1,208.78	–	12,686.94	1,917.94	402.68	–	2,320.62	10,366.32	9,560.23
Furniture	727.18	53.81	–	780.99	236.68	86.15	–	322.83	458.16	490.50
Office Equipments	452.02	376.05	–	828.07	222.06	69.05	–	291.11	536.96	229.96
Plant & Machineries	48,314.47	5,458.90	4.47	53,768.90	17,196.08	2,886.08	0.24	20,081.92	33,686.97	31,118.39
Vehicles	281.50	15.23	0.51	296.21	110.64	41.00	0.10	151.54	144.68	170.86
Intangible Assets:										
Tradename	225.00	–	225.00	–	225.00	–	225.00	–	–	–
Technical Knowhow	2,467.20	–	2,467.20	–	2,467.20	–	2,467.20	–	–	–
Process Development (R&D)	1,430.15	740.70	1,430.15	740.70	1,299.15	168.03	1,430.15	37.03	703.66	131.00
Total	68,521.15	8,152.77	4,127.33	72,546.59	23,674.75	3,653.00	4,122.69	23,205.06	49,341.53	44,846.40
Previous Year	59,676.06	9,563.54	718.44	68,521.15	21,138.24	3,102.23	565.72	23,674.75	44,846.40	

Note:

1) Trade Name & Technical Know-how are not internally generated while process development are internally genrated
2) Plant & Machinery addition includes Capital Expenditure incurred on R & D of ₹ **92.48 Lakhs** (Previous year ₹ 235.86 Lakhs)
3) Building addition includes Capital Expenditure incurred on R&D of ₹ **38.11 Lakhs** (Previous year ₹ 446.54 Lakhs)
4) Remaining period of Amortisation of Intangible assets mentioned are as follow.

Particulars	WDV as on 31st March, 2016	Remaining period of Amortisation
Process Development (R&D)	70,366,224	57 Months

Notes forming part of Consolidated Balance Sheet as at 31st March, 2016

NOTE NO. 11 – NON-CURRENT INVESTMENTS (₹ in Lakhs)

Name of the Company	Opening Balance	Add Acquisition during the year	Less Disposed during the year	Closing Balance	Face Value (₹)	**As at 31/03/2016 (₹)**	As at 31/03/2015 (₹)
A. TRADE INVESTMENTS						**NIL**	NIL
B. OTHER INVESTMENTS							
a. Investments in Equity Instruments							
Aarti Industries Ltd.	**750**	–	–	**750**	5/-	**0.06**	0.06
Alembic Ltd.	**180**	–	–	**180**	2/-	**0.01**	0.01
Alembic Pharmaceuticals Ltd.	**90**	–	–	**90**	2/-	–	–
Aurobindo Pharma Ltd.	**50**	50	–	**100**	1/-	**0.02**	0.02
Sanofi India Ltd (Aventis Pharma Ltd.)	**5**	–	–	**5**	10/-	**0.02**	0.02
Cadila Healthcare Ltd.	**15**	60	–	**75**	10/-	**0.01**	0.01
Cipla Ltd.	**62**	–	–	**62**	2/-	**0.07**	0.07
Dabur India Ltd.	**300**	–	–	**300**	1/-	**0.06**	0.06
Dr Reddy's Laboratories Ltd.	**4**	–	–	**4**	5/-	**0.02**	0.02
Fresenius Kabi Oncology Ltd. (Dabur Pharma Ltd.)	**25**	–	–	**25**	10/-	–	–
Glenmark Pharmaceuticals Ltd.	**100**	–	–	**100**	1/-	**0.01**	0.01
Godavari Drugs Ltd.	**0**	25	–	**25**	1/-	**0.02**	–
Ipca Laboratories Ltd.	**1050**	–	–	**1050**	2/-	**0.25**	0.25
Ind-Swifts Laboratories Ltd.	**5**	–	–	**5**	10/-	–	–
Ind-Swifts Ltd.	**25**	–	–	**25**	2/-	–	–
Jagsonpal Pharmaceuticals Ltd.	**40**	–	–	**40**	5/-	–	–
J.B.Chemicals & Pharmaceuticals Ltd.	**500**	–	–	**500**	2/-	**0.21**	0.21
Kopran Ltd.	**5**	–	–	**5**	10/-	–	–
Krebs Bio Chemicals & Industries Ltd.	**100**	–	–	**100**	10/-	**0.26**	0.26
Piramal Glass Ltd. (Kojam Finivest Ltd.)	**14**	–	–	**14**	10/-	–	–
Lupin Ltd.	**50**	–	–	**50**	2/-	**0.01**	0.01
Mylan Laboratories Ltd. (Matrix Labortories Ltd.)	**50**	–	–	**50**	2/-	**0.02**	0.02
Morepen Laboratories Ltd.	**5**	–	–	**5**	2/-	–	–
Natco Pharma Ltd.	**5**	20	–	**25**	10/-	–	–
Neuland Laboratories Ltd.	**100**	–	–	**100**	10/-	**0.34**	0.34
Piramal Enterprises Ltd. (Piramal Health)	**297**	–	–	**297**	2/-	**0.44**	0.44
Novartis (I) Ltd.	**5**	–	–	**5**	5/-	**0.01**	0.01
Orchid Chemicals & Pharmaceuticals Ltd.	**7**	–	–	**7**	10/-	**0.01**	0.01
Panacea Biotec Ltd.	**5**	–	–	**5**	1/-	–	–
Pfizer Ltd.	**14**	–	–	**14**	10/-	**0.06**	0.06
Piramal Life Sciences Ltd. (PIRMAL PHYTOCARE LIMITED)	**29**	–	–	**29**	10/-	–	–
Ranbaxy Laboratories Ltd.	**4**	–	4	**0**	5/-	–	0.01
Reliance Capital Ltd.	**5**	–	–	**5**	10/-	–	–
Reliance Communication Ltd.	**116**	–	–	**116**	10/-	–	–
Reliance Infrastructure Ltd. (Reliance Energy Ltd.)	**8**	–	–	**8**	10/-	–	–
Reliance Industries Ltd.	**232**	–	–	**232**	10/-	**0.10**	0.10

Notes forming part of Consolidated Balance Sheet as at 31st March, 2016

NOTE NO. 11 – NON-CURRENT INVESTMENTS (Contd.) (₹ in Lakhs)

Name of the Company	Opening Balance	Add Acquisition during the year	Less Disposed during the year	Closing Balance	Face Value (₹)	**As at 31/03/2016 (₹)**	As at 31/03/2015 (₹)
Reliance Power Ltd.	**29**	–	–	**29**	10/-	–	–
Shasun Pharmaceutical Ltd. (Shasun Chemical & Drugs Ltd.)	**500**	–	500	**0**	2/-	–	0.17
Strides Arcolab Ltd.	**100**	156	–	**256**	10/-	**0.39**	0.22
Sun Pharma Advanced Research Co. Ltd.	**10**	–	–	**10**	10/-	–	–
Sun Pharmaceuticals Industries Ltd.	**100**	3	–	**103**	1/-	**0.03**	0.02
Marksans Pharma Ltd. (Tasc Pharma Ltd.)	**1000**	–	–	**1000**	1/-	**0.05**	0.05
Torrent Pharmaceuticals Ltd.	**40**	–	–	**40**	5/-	**0.01**	0.01
Unichem Laboratories Ltd.	**1000**	–	–	**1000**	2/-	**0.25**	0.25
Zydus Wellness Ltd.	**2**	–	–	**2**	10/-	–	–
Bank of Baroda	**7500**	–	–	**7500**	10/-	**1.26**	1.26
Bank of India	**2300**	–	–	**2300**	10/-	**1.04**	1.04
Union Bank of India	**2523**	–	–	**2523**	10/-	**2.78**	2.78
						7.83	7.81
Perfect Enviro Control Systems Ltd.	**240,200**	–	–	**240,200**	10/-	**24.02**	24.02
The Shamrao Vitthal Co-op Bank Ltd.	**100**	–	–	**100**	25/-	**0.03**	0.03
The Saraswat Co-op Bank Ltd.	**12,600**	–	–	**12,600**	10/-	**1.26**	1.26
Shivalik Solid Waste Management Ltd.	–	2,500	–	**2,500**	10/-	**0.25**	–
Tarapur Environment Protection Society	**17,997**	–	–	**17,997**	100/-	**18.00**	18.00
Amit Hetrochem (I) Ltd.	**291,690**	–	–	**291,690**	10/-	**222.23**	222.23
Aarti Biotech Ltd.	**1,200**	–	–	**1,200**	10/-	**0.12**	0.12
Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.	**308**	–	–	**308**	*1–0/-	**189.51**	189.51
						455.42	455.17
b. Investment in Government or Trust Securities							
N.S.C. (One Certificate of ₹ 1000/- Face Value)	**1**	–	–	**1**		**0.01**	0.01
						0.01	0.01
c. Investment in Debentures or Bonds							
Unit Trust of India (US-64)	**190**	–	–	**190**	100/-	**0.19**	0.19
						0.19	0.19
Aggregate Amount of Quoted Investments & Market Value						**8.03**	8.01
Aggregate Amount of Unquoted Investment						**455.42**	455.17
TOTAL						**463.45**	463.18

(Aggregate market value of quoted investment : as at 31st March, 2016 ₹ 4,641,585/- and as at 31st March, 2015 ₹ 3,909,819/-)

*Face Value of 1 share = 10000 RMB

Notes forming part of Consolidated Balance Sheet as at 31st March, 2016

(₹ in Lakhs)

	As at 31st March, 2016	As at 31st March, 2015
NOTE NO. 12 – LONG-TERM LOANS & ADVANCES		
Unsecured – consider good		
Capital Advances	**487.68**	724.43
TOTAL	**487.68**	724.43
NOTE NO. 13 – INVENTORIES		
Stores & Spares	**444.58**	406.83
Packing Materials	**262.31**	161.92
Raw Materials	**7,009.76**	6,421.29
Finished Goods	**3,839.24**	4,908.59
Work in process	**6,204.26**	4,647.06
Stock in Trade	**74.87**	39.86
Less Provision for Non Moving Stock	–	(166.00)
TOTAL	**17,835.01**	16,419.56
NOTE NO. 14 – TRADE RECEIVABLES		
Unsecured, considered good		
Exceeding 6 months	**834.97**	863.10
Others	**32,402.00**	30,714.20
	33,236.97	31,577.30
Less: Provision for Doubtful Debts	**(68.32)**	(150.00)
TOTAL	**33,168.65**	31,427.30
NOTE NO. 15 – CASH & CASH EQUIVALENTS		
Cash on Hand	**37.02**	30.18
Cheques on Hand	**272.19**	197.03
Balances with Scheduled Banks :		
– Current Accounts	**16.39**	16.14
– Deposit Accounts	**34.01**	29.21
Earmarked balance – unpaid dividend	**122.51**	85.47
TOTAL	**482.12**	358.03

Notes forming part of Consolidated Balance Sheet as at 31st March, 2016

(₹ in Lakhs)

	As at 31st March, 2016	As at 31st March, 2015
NOTE NO. 16 – SHORT TERM LOANS & ADVANCES		
Unsecured, Consider good		
Advances recoverable in cash or kind or for value to be received	**1,833.09**	1,673.92
Advances and loans – Staff & workers	**90.80**	90.70
TOTAL	**1,923.89**	1,764.63
NOTE NO. 17 – OTHER CURRENT ASSETS		
Deposits	**786.83**	569.51
Others – Excise & Service Tax	**2,326.00**	2,015.33
TOTAL	**3,112.83**	2,584.84

Notes forming part of Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in Lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
NOTE NO. 18 – OTHER OPERATING INCOME		
Dividend	**1.15**	–
Interest (Gross)	**66.38**	42.22
Miscellaneous income	**79.06**	219.02
Insurance Claim Recd	**349.22**	–
TOTAL	**495.81**	261.24
NOTE NO. 19 – COST OF MATERIALS CONSUMED		
Raw Material Consumption	**68,938.93**	66,432.39
Packing Materials	**1,816.78**	1,294.98
Freight Inward	**867.51**	834.40
Clearing & Forwarding	**478.92**	457.43
TOTAL	**72,102.14**	69,019.20
NOTE NO. 20 – EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus (Mfg.)	**3,126.99**	2,506.16
Labour Welfare Expenses	**196.50**	160.44
Salaries and Bonus (Admin.)	**502.56**	481.40
Provident Fund Contribution	**174.74**	167.16
Staff Welfare Expenses	**18.34**	11.13
Directors' Remuneration	**456.39**	466.53
TOTAL	**4,475.52**	3,792.82
NOTE NO. 21 – DEPRECIATION AND AMORTIZATION		
Depreciation	**3,484.73**	2,920.15
Amortisation	**168.03**	182.08
TOTAL	**3,652.76**	3,102.23

Notes forming part of Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in Lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
NOTE NO. 22 – OTHER EXPENSES		
Manufacturing Expenses		
Processing Charges	**865.50**	975.18
Labour Charges	**2,132.04**	1,710.33
Insurance Expenses	**116.63**	149.52
Lease Expenses	**70.81**	13.60
Power & Fuel	**5,229.53**	4,814.76
Stores & Spares	**629.07**	602.63
Repairs & Maintenance – Building	**40.65**	36.56
– Plant & Machinery	**272.65**	246.52
Research & development	**387.60**	303.97
Water Charges	**134.87**	112.56
Laboratory Expenses	**444.24**	280.91
Other Factory Expenses	**1,303.88**	1,253.92
Sub Total (a)	**11,627.47**	10,500.46
Office & Administration Expenses		
Books & Periodicals	**0.16**	0.24
Auditors' Remuneration	**9.71**	6.53
Conveyance Expenses	**29.87**	26.91
Legal & Professional Charges	**169.51**	157.77
Membership & Subscriptions	**3.62**	3.23
Printing & Stationery	**24.06**	25.63
Postage,Telegram & Telephone	**31.32**	29.21
Office Electricity Charges	**28.74**	28.50
Insurance Charges	**32.56**	26.99
Repairs & Maintenance – Others	**44.47**	32.55
Entertainment Expenses	**13.48**	14.31
Miscellaneous Expenses	**59.15**	35.00
Vehicle Expenses	**11.62**	7.91
Travelling Expenses – Directors	**11.40**	11.97
– Others	**37.82**	36.60
Directors' Sitting Fees	**5.70**	6.90
Loss on sale of Assets	**0.19**	—
Sub Total (b)	**513.37**	450.25

Notes forming part of Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

(₹ in Lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Selling & Distribution		
Advertisement & Sales Promotion	**120.39**	138.13
Freight & Forwarding – Exports	**1,016.20**	1,163.04
Freight & Forwarding – Local	**292.43**	268.31
Commission Expenses	**751.70**	790.83
Insurance Expenses	**25.22**	39.98
Postage & Telegram	**15.77**	13.11
Other Export Expenses	**110.58**	73.81
Bad Debts & other written off	**206.45**	96.30
Sub Total (c)	**2,538.75**	2,583.51
Finance Cost		
Bank Charges (d)	**412.85**	335.30
Non Operative Expenses		
Donations	**1.11**	8.43
CSR Expenditure	**175.38**	105.00
Sub Total (e)	**176.48**	113.43
TOTAL (a+b+c+d+e)	**15,268.92**	13,982.95

NOTE NO. 23 – INTEREST		
Interest on Term Loans	**1,867.22**	1,240.20
Interest on Working Capital	**2,364.97**	2,433.22
Interest on Others	**156.49**	219.57
TOTAL	**4,388.68**	3,892.99

Notes forming part of Consolidated Financial Statement for the year ended 31st March, 2016

24.1 Background

Consolidated Financial Statements include the parent company, Aarti Drugs Limited and the following subsidiary company:

Name of the Subsidiary	Proportion of Ownership (%)
Pinnacle Life Sciences Pvt. Ltd.	100% (Previous Year 100%)

24.2 Significant Accounting policies and notes to these Consolidated Financial Statements are intended to serve as means of informative disclosures and a guide to better understanding of the consolidated position of the Company. Recognizing this purpose, the company has disclosed only such policies and notes from the individual financial statements, which fairly present the needed disclosures.

24.3. Principles of Consolidation

a. This Consolidated Financial Statements are prepared using the Financial Statements of the parent company and the subsidiary company drawn up to the same reporting date.

b. The Consolidation of the financial statements of the parent company and its subsidiary is done on line by line basis by adding together like items of assets, liabilities, income and expenses. All intra group transactions, unrealized inter-company profits and balances have been eliminated in the course of consolidation.

c. The financial statements of parent company and its subsidiary have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

d. The excess of the cost of the Company's investment in the subsidiary over its share in equity of the subsidiary company, on the date of acquisition, is recognized in the financial statements as Capital Reserve.

24.4 Significant Accounting Policies :

a. Basis of Preparation

The financial statement have been prepared and presented under the historical cost convention on as accrual basis of accounting and in accordance with generally accepted accounting principles in India and comply in all material aspects with the applicable accounting standards notified under the relevant provisions of the Companies Act 2013.

b. Fixed assets and depreciation

i) Fixed assets include all expenditure of capital nature and are stated at cost of acquisition, installation and commissioning and related borrowing cost less depreciation. Fixed asset values are stated at historical cost. Depreciation on fixed assets other than land is charged under the straight-line method in accordance with Schedule II of the Companies Act, 2013. Product/Process development costs arising out of R&D are carried forward when their future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future economic benefit, from the related project, not exceeding ten years.

ii) Impairment loss indicates the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of the net selling price of an asset or its value in use. Value in use is present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The Company will recognize such losses whenever they arise.

c. Investments

Investments are classified into Current and Non-Current Investment. Current Investments are valued at lower of cost or fair value. Non-Current Investment are stated at cost. Provisions are made for diminution in value of investments, if any, other than those of temporary nature.

d. Valuation of Inventories

Inventories are stated at lower of cost or net realizable value, on the following basis:

i)	Raw materials, packing materials, stores and spares	– At cost on FIFO Method
ii)	Work in process	– At cost plus appropriate allocation of overheads
iii)	Finished Goods	– At cost plus appropriate allocation of Overheads or net realizable value Whichever is lower

e. Retirement Benefits

I. In respect of Gratuity and Superannuation fund, the Company's contribution to group insurance scheme of Life Insurance Corporation of India & Birla Sun life Insurance Company Ltd. are charged against revenue.

II. Provision for incremental liability in respect of encashable privilege leave on separation benefit is made as per independent actuarial valuation at the year end.

Notes forming part of Consolidated Financial Statement for the year ended 31st March, 2016

f. Revenue Recognition

Revenue is recognized to the extent that probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- Sale of Goods :
  Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have been passed to the buyer, and is stated net of excise duty, sales tax, returns and trade discounts.
- Export Benefits :
  Export Benefits available under prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered receivable.
- Interest income is recognized using the time proportionate method, based on rates implicit in the transaction.
- Dividend income is recognized when the right to receive is established.

g. Borrowing Cost

Borrowing costs that are directly attributable to acquisition construction, or production of qualifying assets are capitalized as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

h. Foreign Currency Transactions

Transaction denominated in foreign currencies is recorded at the exchange rate that approximates the actual rate prevailing at the date of the transaction. Monetary item denominated in foreign currency at the yearend are translated at year end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transactions. The premium in case of forward contracts is dealt with in the Profit and Loss Account proportionately over the period of contracts. The exchange differences arising on settlement/ translation are dealt with in the Statement of Profit and Loss.

i. Research & Development Expenditure:

Revenue expenditure on Research and Development is recognized as expense in the year in which it is incurred.

Capital expenditure on Research and Development is included as part of fixed assets and depreciation is provided on the same basis as for other fixed assets.

j. Income Tax

Tax expenses comprise of current tax and deferred tax, current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the Balance Sheet date.

k. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating lease. Operating Lease payments are recognised as an expense in the Profit and Loss Account of the year to which they relate.

24.5 Contingent Liabilities:

(₹ In Lakhs)

Sr. No.	Particulars	**On the Parent Company March, 16**	**On the Subsidiary Company March, 16**	On the Parent Company March, 15	On the Subsidiary Company March, 15
a.	In respect of bank guarantees issued & L/C opened by the Company's bankers	**3,785.03**	–	4,584.73	–
b.	Demand in respect of additional income tax disputed in appeal	**351.44**	–	1,133.91	–
c.	Demand in respect of sales tax disputed in appeal	**15.18**	–	–	–
d.	Demand in respect of additional excise, custom, fine & penalty is disputed in appeal	**38.88**	–	78.51	–
e.	Liability for duty on raw material imported under advance licence benefit scheme against which export obligation remained to be fulfilled	**259.45**	–	189.86	–
f.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**303.49**	**13.20**	1,212.67	161.24

Notes forming part of Consolidated Financial Statement for the year ended 31st March, 2016

24.6 Segment-wise Disclosure as per Accounting Standard: 17.

I. BUSINESS SEGMENTS AS PRIMARY SEGMENTS

The Company is considered to be a single segment Company engaged in pharmaceuticals business, hence the disclosure requirement as per AS-17 'Business Segments as Primary Segment' is not attracted.

(₹ in Lakhs)

II.

	GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Segment Revenue		
a)	Exports	**38,919.06**	41,171.22
b)	Others	**83,911.45**	76,789.05
	Total	**122,830.51**	117,960.27

Note:
Segmental capital employed:
Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Company believes that currently it is not practicable to provide segment disclosures relating to total assets and liabilities.

24.7 Related party transactions:

Related party transactions disclosure as required by Accounting Standard – 18. 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India are given below:

A. Name and Relationship of the Related Parties:

3(c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of such individual.

1. Individuals

Mr. Chandrakant V. Gogri	Mr. Rajendra V. Gogri

2. Relatives of Individuals

Mrs. Jaya C. Gogri	Mr. Mirik R. Gogri
Mrs. Dhanvanti V. Gogri	Mr. Renil R. Gogri
Mrs. Aarti R. Gogri	Mrs. Hetal Gogri Gala

3(d) Key Management personnel along with their relatives have significant influence.

- Key Management Personnel.

Mr. Prakash M. Patil	Mr. Harit P. Shah
Mr. Harshit M. Savla	Mr. Uday M. Patil
Mr. Rashesh C. Gogri	Mr. Sunny Pagare (Till 1st Dec, 2015) (Company Secretary)
Mr. Adhish Patil (CFO)	Mr. Vibhav S. Ranade (From 22nd Feb, 2016) (Company Secretary)

- Relatives of Key Management Personnel.

Mrs. Priti P. Patil	Mrs. Seema H. Savla
Mr. Arun M. Patil	Ms. Bhoomi H. Savla
Dr. Vikas M. Patil	Mr. Vishwa H. Savla
Mrs. Keserben P. Shah	Mrs. Jayashree H. Shah
Mr. Sameer P. Shah	Mr. Pragji M. Shah
Mrs. Arti T. Sankhe	Mrs. Manisha R. Gogri

3(e) Enterprise/firms over which controlling individuals have significant influence.

- Aarti Industries Ltd.
- Rupal Drugs LLP
- Alchemie Gases & Chemicals Pvt. Ltd.
- Alchemie Financial Services Ltd.
- Alchemie Laboratories

Note : Sr. 3(c), 3(d), 3(e) refer to the relevant Para's of AS 18.

Notes forming part of Consolidated Financial Statement for the year ended 31st March, 2016

B. Transactions with the related parties during the year:

Note: Proportions given in the following statement belong to the respective accounting group as shown in the financial statements for the year ended 31st March, 2016.

Transaction with Related Parties	**Enterprise/firms over which controlling individuals have significant influence**	Enterprise/firms over which controlling individuals have significant influence
	C.Y.	L.Y.
	%	%
Sales & Income from Operations	–	–
Manufacturing Expenses	**1.37**	1.70
Borrowing costs	**1.34**	2.04
Outstanding Payable	**1.65**	0.89
Outstanding Receivable	–	–
Outstanding Unsecured Loan	**4.39**	5.20

Transaction with Related Parties	**Individuals**		**Relatives of Individuals**		**Key Management Personnel**		**Relative of Key Management Personnel**	
	C.Y.	L.Y.	**C.Y.**	L.Y.	**C.Y.**	L.Y.	**C.Y.**	L.Y.
	%	%	**%**	%	**%**	%	**%**	%
Employee Benefits & Office &Administration Expenses	**0.04**	0.05	**0.87**	0.82	**29.42**	32.26	**2.02**	2.73
Borrowing costs	–	–	–	–	**1.77**	1.19	–	1.19
Unsecured Loans Accepted	–	–	–	–	**0.28**	3.82	–	0.02
Unsecured Loans Repaid	–	–	–	–	–	0.78	–	3.44
Outstanding Unsecured Loan	–	–	–	–	**7.03**	7.42	–	–

24.8 Directors Remuneration: (₹ in Lakhs)

Particulars	**By the Parent Company 31st March, 2016**	**By the Subsidiary Company 31st March, 2016**	By the Parent Company 31st March, 2015	By the Subsidiary Company 31st March, 2015
Salary to Managing Directors and whole-time Directors	**171.60**	**12.98**	168.09	3.20
Bonus/Leave Travel Allowance/House Rent Allowance/Medical/Leave Salary	**34.39**	**0.17**	46.29	0.56
Commission payable to Directors	**194.49**	–	209.38	–
Contribution to Provident fund	**1.08**	**0.11**	0.83	0.03
Superannuation fund scheme	**41.47**	**0.11**	38.15	–
Total Remuneration	**443.03**	**13.37**	462.75	3.78

Notes forming part of Consolidated Financial Statement for the year ended 31st March, 2016

24.9 Auditors' remuneration includes (₹ in Lakhs)

Particulars	**By the Parent Company 31st March, 2016**	**By the Subsidiary Company 31st March, 2016**	By the Parent Company 31st March, 2015	By the Subsidiary Company 31st March, 2015
Statutory Audit	**4.86**	**2.19**	4.40	0.56
Other Audit Services	**2.25**	–	0.80	–
Certification	**0.41**	–	0.77	–
Total	**7.52**	**2.19**	5.97	0.56

24.10 Earning Per Share: (₹ in Lakhs except share data)

Particulars	**Current Year**	Previous Year
Net Profit available for Equity Shareholder	**6,872.49**	7,725.43
Weighted Number of Equity Shares (Nos.)	**2,42,17,100**	2,42,17,100
Basic & Diluted EPS (after extraordinary items) (₹)	**28.38**	31.90
Nominal value per share (₹)	**10.00**	10.00

24.11 Details of Subsidiary

(₹ in Lakhs)

Name of the Subsidiary	**Pinnacle Life Science Pvt. Ltd.**	Pinnacle Life Science Pvt. Ltd.
The financial year of Subsidiary ended on	**31st March, 2016**	31st March, 2015
Reporting currency	**INR**	INR
a. Share Capital	**778.28**	778.28
b. Reserves and surplus	**580.50**	360.78
c. Debts & other Liability	**5336.90**	3296.70
Total Liability (a+b+c)	**6695.68**	4435.76
Total Assets	**6695.68**	4435.76
Total Income	**8584.07**	1328.96
Profit/(loss) Before Tax	**245.73**	(324.83)
Tax Expenses	—	—
Profit/(Loss) after Tax	**245.73**	(324.83)

AS PER OUR REPORT OF EVEN DATE

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No: 103264W

Sd/-
(CA TEJAS J. PARIKH)
PARTNER

Place: Mumbai
Date: 5th May, 2016

For and on behalf of the Board of Directors

Sd/-
Prakash M. Patil
(Chairman & Managing Director)
DIN: 00005618

Sd/-
Harshit M. Savla
(Jt. Managing Director)
DIN: 00005340

Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
CS Vibhav S. Ranade
Company Secretary

Consolidated Cash Flow Statement as on 31st Mar, 2016

(₹ in Lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
A.	**Cash Flow from Operating Activities**		
	Net Profit before Tax and Extraordinary items	**9,508.60**	9,971.97
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	**3,652.77**	3,102.24
	Depreciation on Revalued Assets	**(26.01)**	(13.79)
	Interest Paid	**4,388.68**	3,893.00
	Interest Received	**(85.20)**	(41.91)
	Loss on Sale of Asset	**0.19**	–
	Operating Profit before Working Capital Charges	**17,437.87**	16,911.51
	Trade & Other Receivable	**(1,901.09)**	(3,028.93)
	Changes in Inventories	**(1,382.30)**	(3,644.45)
	Trade & Other Payable	**1,177.28**	1,715.10
	Cash generated from operation	**15,331.76**	11,953.23
	Direct Taxes Paid	**(2,002.32)**	(1,494.14)
	Net Cash Flow from Operating Activities	**13,329.44**	10,459.09
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets/Capital Work in Progress/Advances	**(9,965.79)**	(10,698.14)
	Sales/(Purchase) of Investment	**(0.27)**	(1,255.18)
	Right Shares Issue	–	1,210.66
	Interest Received	**85.20**	41.91
	Net Cash Flow from Investing Activities	**(9,879.49)**	(10,700.75)
C.	**Cash Flow from Financing Activities**		
	Proceeds from Long Term Borrowings	**2,801.74**	7,931.23
	Proceeds from Unsecured Loans & from Scheduled Bank	**622.24**	(1,625.05)
	Dividend Paid	**(2,361.17)**	(2,266.83)
	Interest Paid	**(4,388.68)**	(3,893.00)
	Net Cash Flow from Financing Activities	**(3,325.86)**	146.36
	Net Increase in Cash and Cash Equivalents (A+B+C)	**124.09**	(95.31)
	Opening Cash and Cash Equivalents	**358.03**	453.34
	Closing Cash and Cash Equivalents	**482.12**	358.03

Note : (i) Figures in brackets indicate outflows
(ii) Cash and cash equivalent is cash and bank balance as per balance sheet
(iii) Fixed Deposits with bank amounting to **₹ 34.01 lakhs** (Previous Year ₹ 29.21 lakhs) under lien are considered as cash and cash equivalents.

AS PER OUR REPORT OF EVEN DATE.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Registration No: 103264W

Sd/-
(CA TEJAS J. PARIKH)
PARTNER

Place: Mumbai
Date: 5th May, 2016

For and on behalf of the Board of Directors of AARTI DRUGS LIMITED

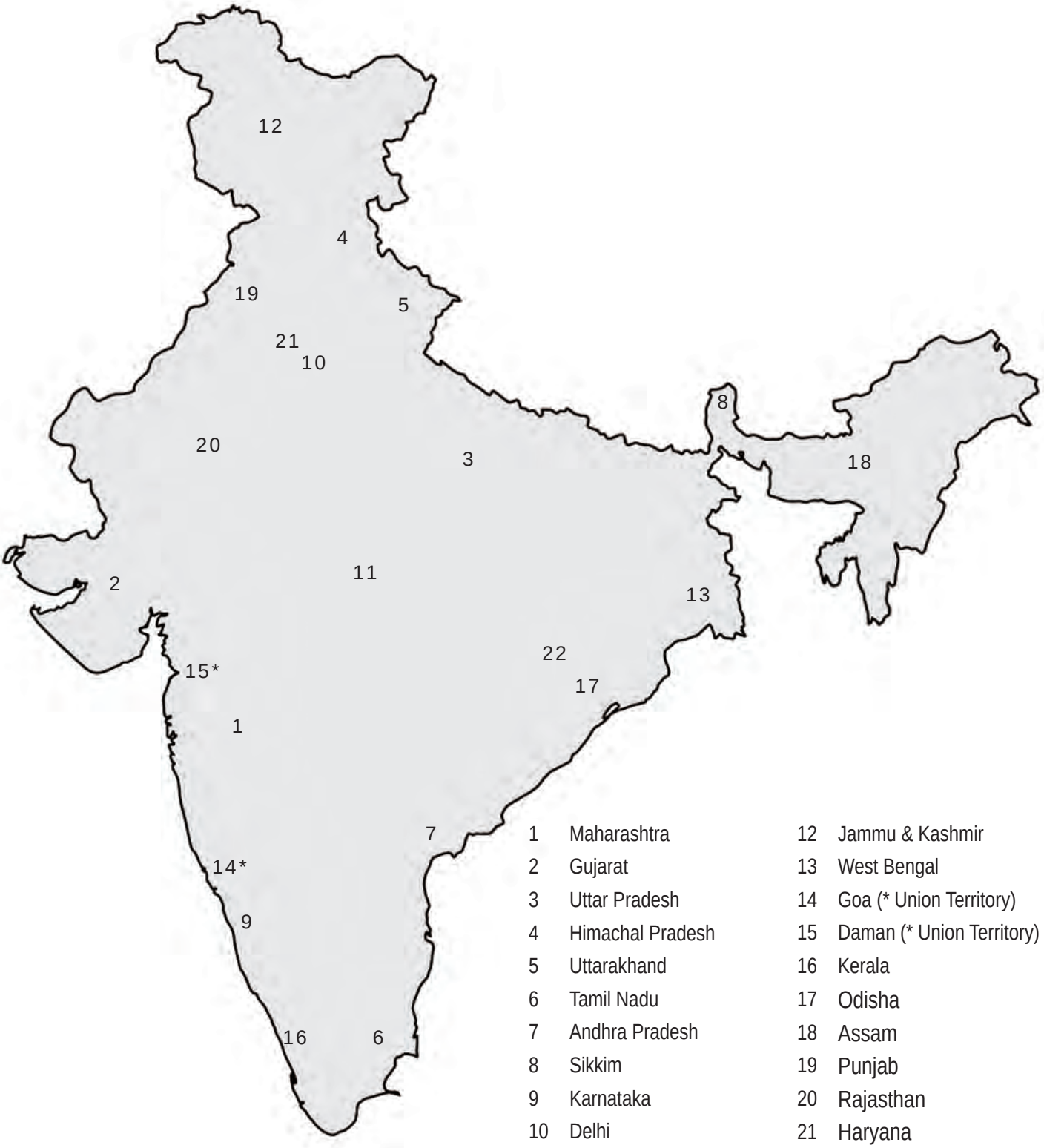
Sd/-
Prakash M. Patil
(Chairman & Managing Director)
DIN: 00005618

Sd/-
Harshit M. Savla
(Jt. Managing Director)
DIN: 00005340

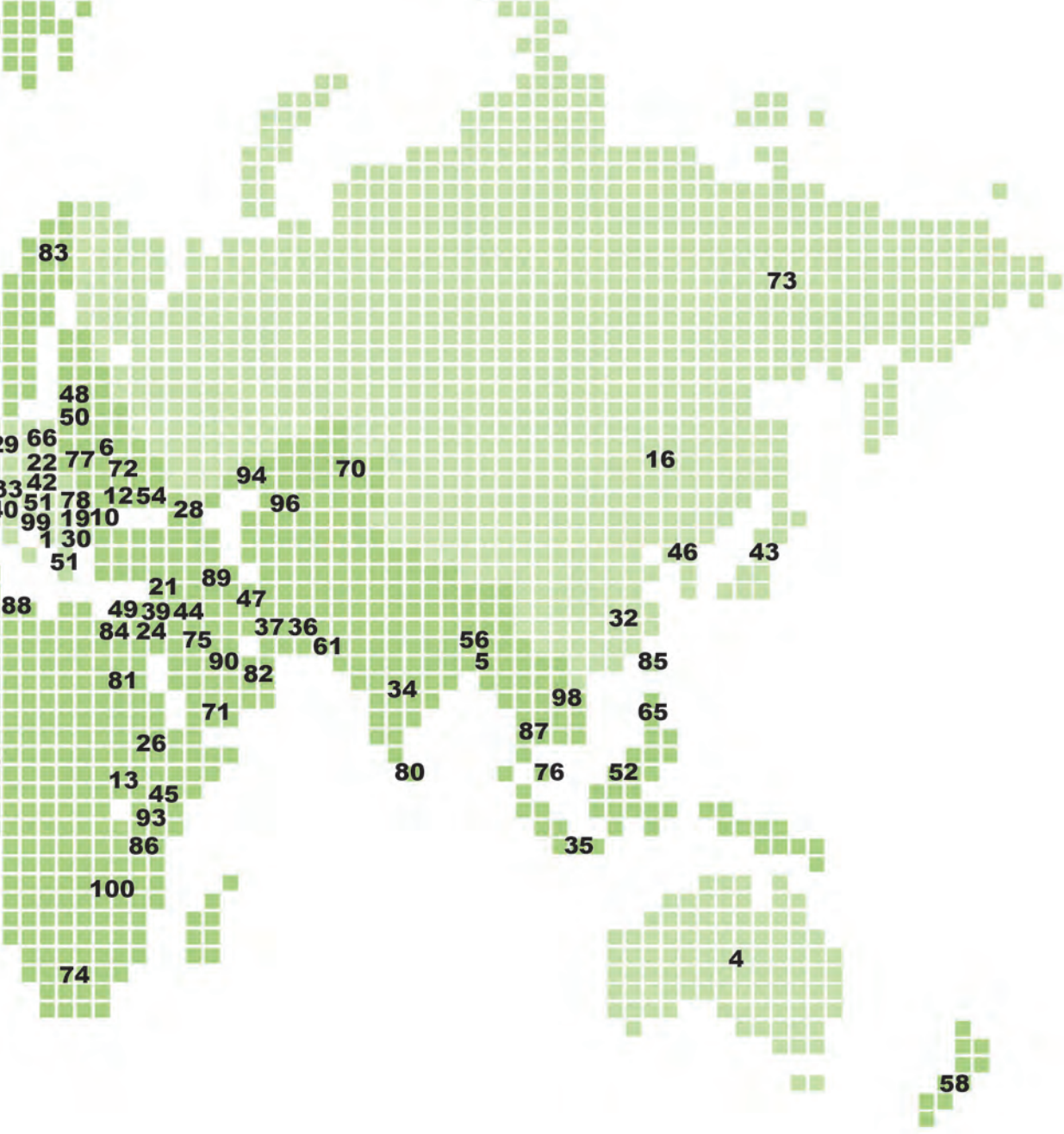
Sd/-
Adhish P. Patil
Chief Financial Officer

Sd/-
CS Vibhav S. Ranade
Company Secretary

AARTI DRUGS
AND ITS DOMESTIC PRESENCE



1	Maharashtra	12	Jammu & Kashmir
2	Gujarat	13	West Bengal
3	Uttar Pradesh	14	Goa (* Union Territory)
4	Himachal Pradesh	15	Daman (* Union Territory)
5	Uttarakhand	16	Kerala
6	Tamil Nadu	17	Odisha
7	Andhra Pradesh	18	Assam
8	Sikkim	19	Punjab
9	Karnataka	20	Rajasthan
10	Delhi	21	Haryana
11	Madhya Pradesh	22	Chandigarh



51	Macedonia	61	Pakistan	71	Rep. of Yemen	81	Sudan	91	U.K.
52	Malaysia	62	Panama	72	Romania	82	Sultanate of Oman	92	U.S.A.
53	Mexico	63	Paraguay	73	Russia	83	Switzerland	93	Uganda
54	Moldova	64	Peru	74	S. Africa	84	Syria	94	Ukraine
55	Morocco	65	Philippines	75	Saudi Arabia	85	Taiwan	95	Uruguay
56	Nepal	66	Poland	76	Singapore	86	Tanzania	96	Uzebekistan
57	Netherlands	67	Portugal	77	Slovakia	87	Thailand	97	Venezuela
58	New Zealand	68	Puerto Rico	78	Slovenia	88	Tunisia	98	Vietnam
59	Nicaragua	69	Rep. of Dominic	79	Spain	89	Turkey	99	Yugoslavia
60	Nigeria	70	Rep. of Kazakhistan	80	Sri Lanka	90	U.A.E.	100	Zimbabwe

Pinnacle - Baddi Formulation Unit

R&D Centre (E-1) at Tarapur

Aarti Drugs Ltd.

Mahendra Industrial Estate, Ground Floor, Road No. 29,
Plot No. 109-D, Sion (East), Mumbai - 400 022. (INDIA)
Tel.: ++91 22 2401 9025
Fax: ++91 22 2407 3462 / ++91 22 2407 0144

www.aartidrugs.com

vakils