AARTI INDUSTRIES LIMITED

Ref. No: AIL/B-35/2017/699
Date : 28th September, 2017

To,
Listing/Compliance Department
BSE LTD.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

BSE CODE –524208

To,
Listing/Compliance Department
National Stock Exchange of India Limited
"Exchange Plaza", Plot No. C/1,
G Block Bandra - Kurla Complex,
Bandra (E), Mumbai – 400 051.

NSE CODE : AARTIIND

Dear Sir/Madam,

Ref.: Submission of Annual Report (including Business Responsibility Report) under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report including the Business Responsibility Report of the Company for the Financial Year 2016-17.

Kindly take note of the same.

For AARTI INDUSTRIES LIMITED

RASHESH C. GOGRI
VICE CHAIRMAN & MANAGING DIRECTOR
Encl.: a/a

AARTI INDUSTRIES LIMITED

GLOBAL PARTNER OF CHOICE

ANNUAL REPORT 2016-17

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What made it possible for Aarti Industries to post another successful year of profitable growth?

What made it possible for Aarti Industries to report revenue growth higher than the sectoral average?

What made it possible for Aarti Industries to report a return on employed capital higher than the previous year?

What made it possible for Aarti Industries to enhance EBIDTA by 13 per cent in 2016-17?

There is just one answer: the strength of the company's customer relationships.

Making Aarti Industries the global partner of choice.

AARTI INDUSTRIES LIMITED.

GLOBAL PARTNER OF CHOICE.

BECAUSE IT IS POSITIONED AS AN EXTENSION OF THE CUSTOMER'S PREMISES.

BECAUSE ITS PRODUCT VALUE STRENGTHEN THE CUSTOMER'S BUSINESS.

BECAUSE ITS COMPREHENSIVE PRODUCT RANGE PROVIDES A ONE-STOP CUSTOMER SOLUTION.

Vision

To be a 'Global Partner of Choice' to leading consumers across the globe of Speciality Chemicals and Intermediates for Pharmaceuticals, Agro Chemicals, Polymers, Pigments, Printing Inks, Dyes, Fuel additives, Aromatics, Surfactants and various other speciality chemicals.

Promoters

Aarti Industries was promoted by first-generation technocrats. Five of six promoter Directors are engineers; three of four founder-promoters are chemical engineers from Institute of Chemical Technology (formerly known as UDCT). Mr. Chandrakant Gogri, Founder Chairman, retired in August 2012 and advises the company's strategic direction in his capacity as Chairman Emeritus.

Background

Aarti Industries Limited is a leading Indian manufacturer of Specialty Chemicals and Pharmaceuticals with a global footprint. These products are used in the downstream manufacture of pharmaceuticals, agrochemicals, polymers & additives, fuel additive, rubber chemicals, surfactants, pigments, dyes etc. The company was promoted by Mumbai-based technocrats.

Presence

The company's integrated manufacturing plants (backward and forward) manufacture more than 125 products. These units are located in Gujarat, Maharashtra, Madhya Pradesh and Silvassa. The company is listed on Bombay Stock Exchange and National Stock Exchange (market capitalization ₹6,285 cr as on 31st March, 2017.

Our knowledge capital

Aarti Industries comprises knowledge workers consisting of research professionals, senior strategy professionals and skilled shopfloor workers. The company comprises employees with technical, managerial and financial academic degrees.

Respect

Aarti Industries Limited is one of the most respected and competitive benzene-based speciality chemical companies in the world.

The company ranks between the global first and fourth position for 75 per cent of its product portfolio.

The company is a partner of choice for major global and domestic customers.

Competitive advantages

The company's competitiveness has been derived from extensive operational integration where the end product of one of process represents the raw material for the other. Integration across various products represents the basis of the company's cost leadership.

This integration across more than products represents the basis of the company's cost leadership.

The company is present in niche chemistry spaces.

The company is has been engaged in multi-product and multi-year relationships with several leading global customers.

Exports

Aarti Industries is a global provider of speciality chemical products. The company's exports accounted for 50 per cent of its revenues in 2016-17. These products were exported to some of the largest global downstream chemical companies across 60 countries.

Our big numbers

17
Manufacturing plants

2
USFDA units

3800+
Employees

125+
Products

150+
Global customers

500+
Domestic customers

Aarti exports accounted for 50 per cent of its revenues in 2016-17

THIS IS HOW WE HAVE GROWN OVER THE YEARS

1984
Aarti Organics Pvt Ltd incorporated

1986
Commenced 1,200 TPA Unit for Nitro Chloro Benzenes (NCB) in Sarigram, Gujarat

1990
Set up additional unit at Vapi to manufacture NCB with capacity of 4,500 TPA

1992
Public issue of 8,70,000 equity shares at a remium of ₹36 per share

1994
- Merged Salvigor Labs, producers of DMS and Sulphuric Acid and their downstream products into Aarti.
- Change of name from Aarti Organics Ltd to Aarti Industries Ltd.

1995
Bonus issue of equity shares (1:1)

1998
Set up Alchemie (Europe) Ltd. a subsidiary in UK for marketing and distribution

2001
- Commenced production in Jhagadia.
- Pioneered hydrogenation process based on Swiss technology

2002
Merged Alchemie Organics Ltd into Aarti Industries Ltd

2004

Crossed ₹500 cr in total income

2005

Bonus issue of equity shares (2:1)

2006

- Split of equity shares of ₹10 each into two shares of ₹5 each
- Expanded NCB capacity
- Expanded sulphuric acid capacity by 100 KTPA to 200 KTPA

2008

Received USFDA approval for API unit at Tarapur

2009

- Crossed ₹1,000 cr in total income.
- Merged Surfactants Specialities Pvt. Ltd. (accessing home/ personal care segment).

2010

- Custom Synthesis division (Vapi) received USFDA approval.
- Upgraded hydrogenation unit from batch to continuous
- Commissioned sulfonation unit in Pithampur

2012

- Crossed ₹1,500 cr in total income
- PAT crossed ₹100 cr

2013

- Merged manufacturing division of Anushakti Chemicals and Drugs Ltd. into Aarti Industries Ltd.
- Total Income crossed ₹2,000 cr; exports crossed ₹1,000 cr

2015

- Crossed ₹2,900 cr in Total income
- Crossed ₹200 cr in PAT

2016

- Scaled NCB capacity from 57,000 TPA to 75,000 TPA
- Expanded caffeine capacity
- Merged promoter's investment group companies into Aarti Industries Ltd.
- Setup Aarti USA Inc. a subsidiary in USA for marketing and distribution

2017

- Commenced calcium chloride facility at Jhagadia
- Commenced multipurpose Ethylation unit at Dahej SEZ, Gujarat
- Commenced 2nd Phase at PDA facility in Jhagadia
- Operationalised Co-generation power and solar plants
- Buyback of 12 lakh equity shares at ₹800 per share

CHAIRMAN'S OVERVIEW

GLOBAL PARTNER OF CHOICE

At Aarti Industries, Global Partner of Choice is a relevant theme for this year's annual report.

These four words do not just represent a thematic positioning; they encapsulate our operating philosophy. The statement describes not just what we do, but fundamentally what we are and what we believe.

The core philosophy of this statement resolves around one critical word: relationships. At Aarti Industries, we have always believed that the most successful those have inevitably been companies driven by the power of enduring relationships – with customers, vendors, employees and communities. The more stable this relationship, the stronger the business sustainability and related stakeholder value.

At Aarti Industries, this relationship-driven approach has paid rich dividends.

Our company has reported profitable growth (profit growth higher than revenue growth) in five years out of the last five.

Our Company enhanced EBITDA from ₹253 cr to ₹655 cr in the five years ending 2016-17.

Our company enhanced return on employed capital from 19 per cent five years ago to 24 per cent in 2016-17.

Our company was valued higher on the markets: from ₹470 cr as on 31 March 2012 to ₹6,285 cr as on 31 March 2017.

Aarti derived 43 per cent of revenues from the international markets in 2011-12; this increased to 50 per cent during the year under review

We believe that the improvements were achieved because we enriched our entire eco-system.

We generated more than 85 per cent of our 2016-17 revenues from customers with whom we had worked for five years or longer; virtually every single customer reported a larger quantum of purchase; and yet, our largest customer accounted for no more than 9 per cent of our 2016-17 revenues, indicating business broadbasing and corresponding de-risking.

Contextual background

At Aarti Industries, we believe that our partnership or relationship-driven approach is insurance in a challenging global industrial environment.

The global industrial environment has been marked by extensive global shifts over the last couple of decades.

The biggest shift has been the emergence of China as a competitive manufacturer of virtually every product, delivering in many cases products at prices that do not cover the conversion costs of manufacturers in developed countries.

The second driver of shift has been increased ageing in developed markets, making it difficult to replenish experienced professionals with younger talent. Besides, a number of these markets have been marked by higher capital expenditure and operating costs, making it necessary for a number of industrial companies to moderate their direct manufacture and increase their outsourcing.

The third driver has been the Black Swans of the global environment manifested in unexpected shocks that have often diverted the attention of industrial companies away from their core competence to fire-fighting, necessitating a wider managerial bandwidth.

The fourth driver has been a large expansion in global markets, partly arising out of wider global access to more markets on the one hand and partly out of increased incomes in the less-developed markets that have been driving consumption and enhanced lifestyle standards.

The net result of these phenomena is that a larger number of companies have capped their investments in facilities inside developed markets, commissioned facilities in developing markets – or taken a strategic call to moderate their manufacturing exposure and focused on product development and marketing.

As an extension of this reality, a number of large global customers have also graduated from having a large number of outsourcing vendors to a smaller number. The result is that whereas these companies brought small volumes from a large number of vendors or partners in the hope of deriving the most competitive prices from them, there has been a rethink towards the procurement of large volumes from few vendors today.

Even within this evolution in engagement format and frequency there has been a sensitive transformation: a larger number of global industrial players are graduating from vendor enlistments to strategic partnerships; the conventional cost arbitrage model is being replaced by knowledge arbitrage; short-term opportunism is being replaced by long-term stability and sustainability.

This contextual background represents the single most defining reason behind the significant transformation of Aarti Industries from a small-cap company a decade ago to one of the most prominent companies in its space India today.

Global

At Aarti Industries, the word 'global' is more than a geographic reference; it is also a reference to an excellence-driven mindset.

Over the years, we have graduated from a completely Indian focus to a global perspective. We derived 43

WHAT OUR GLOBAL DELIVERY MODEL ACHIEVED IN 2016-17

655
EBITDA
(₹ in crore)

1,523
Exports
(₹ in crore)

85
% of Revenues derived from long-term customers

24
return on employed capital (%)

At Aarti, we believe that the value of our education has been immeasurable, the more demanding the client, the greater the education

per cent of our revenues from the international markets in 2011-12; this increased to 50 per cent during the year under review. Our international revenues were derived from over 60 countries.

Over the years, the increased proportion of revenues derived out of the global markets did more than merely enhance our revenues; it helped mature our company through an enhanced exposure to demanding (and often evolving) global standards; it exposed us to cutting-edge technologies; it exposed us to the highest standards of customer service; it exposed us to global mindsets in terms of business models; it exposed us to incipient shifts in marketplace realities.

We believe that the value of this education has been immeasurable, the more demanding the client, the greater the education. In turn, this inspired a number of one-time and on-going changes that have since strengthened our business sustainability.

In view of this, the word 'global is not intended to denote the destination of our sale; it stands for the origin of our ambition to graduate our company to the next level.

Partner

At Aarti, one of the biggest cascades arising out of our global presence has been in the evolution of our personality: from a vendor into a partner.

There is a significant difference between the two: a vendor stands outside the customer's personality; a partner represents an extension of the customer's personality. A vendor engagement could be one-off and transactional; a partner relationship is enduring. A vendor engagement provides profits for the moment; a partner relationship assures revenue visibility. A vendor engagement could be largely about profitability; a partner relationship is about business sustainability.

The most challenging phase in the existence of our company was in our evolution from vendor to partner. I am pleased to report that the company graduated with speed for a number of reasons that extended beyond timely and quality delivery. Most vendors offered customers a value that was derived out of a cost arbitrage; at Aarti, we graduated to a knowledge arbitrage that resulted in our offering enhanced product value to the customer's table. Most vendors provided products of the grades and standards that customers desired; Aarti went one step ahead to offer what we felt would take the business of our customers ahead. Most vendors delivered products; we provided the complete cultural eco-system comprising governance, values and client confidentiality. Most vendors provided an assurance of adequate product delivery for the day; Aarti offered the comfort of a robust Balance Sheet that made it possible to invest periodically out of accruals to service the growing consumption appetite of our customers.

They began to see possibilities that when they expanded their capacities of downstream products we would be in a position to invest proactively and participate in their growth; somewhere down the line, they recognised that we possessed the organizational depth to provide a range of products needed by their different plants across different countries, graduating us from the usual make-to-stock to the trusted make-to-order partner;

Choice

At Aarti Industries, we are under no illusion that large global downstream buyers have a number of choices when it comes to selecting vendors.

We believe that this reality is humbling, keeps us grounded and insecure in a positive kind of way.

Having said this, we derived security from the fact that we provide our customers one of the most compelling price-value propositions.

So what is this price-value proposition?

At Aarti Industries, we believe the core of this superior value is derived from one of the most competitive cost structures that we possess in the global speciality chemicals sector. This in turn translates into enhanced value in the hands of our customers, coupled with the superior service that we provide clients with speed.

What a number of our customers were quietly impressed was that Aarti had grown from its technocrat-originating background to a balance of hands-on promoter interests and pool of professional talent. They respected our decision to invest proactively in process and product research ahead of the curve; they were favourably inclined with our mix of conservatism and aggression; they were impressed with our specialised understanding of the benzene and toluene chains; the appreciated the fact that were a visible and listed company valued attractively on the Indian stock exchanges; they

were comfortable with our positioning as a knowledge- and research-driven organization; they were assured that we could successfully extend process chemistry (recipe focus) to engineering competence that could take the business to commercial scale (asset utilisation); they took a positive view of the fact that we invested proactively in environment-protecting equipment and processes even before these became mandatory; they were relieved to see that even as we had invested in equipment years ago, we had proactively upgraded technologies in line with the prevailing standards of the day; they drew comfort from the fact that we respected contracts irrespective of external market movements; they saw a long-term partnership potential in the fact that we provided the widest complement of products that they needed.

The result is that whenever we commission new capacities, we are largely covered for prospective offtake. This extension to make-to-order provides us with revenue visibility that makes it possible to plan for the long-term.

Taking our customer value ahead

There are a number of initiatives that we undertook during the financial year under review to strengthen our partnership model.

One, we commissioned an ethylation initiative in the Dahej SEZ that will source ethylene through a pipeline directly from the supplier Reliance Industries a few kms away, which will enhance supply seamlessness and moderate logistical challenges. The facility, commissioned in September 2016, will reinforce our capability by increasing the output of agrichemical intermediates by 8,000 to 10,000 tonnes per annum.

Two, we intend to commission our toluene derivatives during the first half of the current financial year. The integration of ethylation and toluene derivatives will provide an attractive foundation to service existing customers, accounting for a larger share of their wallet. The ₹190 cr capex possesses an annual revenue potential of around ₹400 cr at peak utilization.

Three, the company quadrupled its PDA capacity from a level of 250 tonnes per month (TPM) a few years ago to 1000 TPM, which was commissioned during the financial year under review. This expansion will service the growing needs of engineering polymer companies with a peak annual revenue of ₹200 cr.

Four, the company announced its intention to commission a new research centre and Innovation Complex in the area of advanced chemistry and speciality chemical applications for downstream users. This research centre will strengthen the confidence of our customers and enhance our competence in the area of advanced chemistries, positioning the company for sustainable growth across the foreseeable future.

> At Aarti Industries, we believe the core of this superior value is derived from one of the most competitive cost structures that we possess in the global speciality chemicals sector.

In a significant post-Balance Sheet development, Aarti Industries entered into a ten-year partnership agreement with a large global downstream customer; this arrangement, starting 2020, entails projected revenues of ₹4000 cr. More importantly, this arrangement represents a new high in the company's customer engagement; it represents a validation of all that we have professed over the decades; it stands for a fitting showcase of how we have evolved into a trusted partner.

Overview

At Aarti Industries, we believe that we have an exciting future ahead.

The number of customers that we are working with is growing; each our customer accounts are growing; we believe that our prospective investments in plants and people, as well as capabilities and competencies, will translate into a larger production that addresses the growing appetite of our customers.

In view of this, I am optimistic that the company will sustain its multi-year growth, enhancing value in the hands of our shareholders.

Rajendra Gogri,
Chairman and Managing Director

Financial

- **Consolidated** EBITDA increased 13 per cent to ₹655 cr
- **EBIDTA** margin was 20.7 per cent, an increase of 150 bps over the previous year
- **Consolidated** PAT strengthened 23 per cent to ₹316 crore

Capital expenditure

- **Commercialised** calcium chloride facility at Jhagadia (Gujarat) in Q1 2016-17
- **Commenced** commercial production at the multipurpose Ethylation unit in Dahej SEZ, Gujarat – a first-of-its-kind unit to be set up in India (capacity 8,000-10,000 TPA of ethylene derivatives
- **Commenced** commercial production of the second phase of the PDA facility in Jhagadia from 450 TPM to 1,000 TPM in Q2 2016-17
- **Commissioned** the captive co-generation power plant at Jhagadia, Kutch and Vapi in Q4 2016-17; the Company's five power plants (two at Vapi and one each in Jhagadia, Kutch and Tarapur) to reduce power costs
- **Operationalised** solar plants with aggregate capacity of 697 KW across five locations

PERFOR

Pharmaceuticals

Successfully cleared the USFDA facility inspection at Tarapur initiated in Q3 2016-17

Corporate

- **CRISIL** upgraded the company's credit ratings on our bank facilities and debt instruments to CRISIL AA- /Stable/CRISIL A1+ from CRISIL A+/Positive/ CRISIL A1
- **The** Company effected a share buyback of 12 lakh equity shares of a face value of ₹5 each at ₹800 per share in December 2016, affirming a commitment to long-term prospects and efficient capital allocation
- **The** Company's Board recommended a final dividend of ₹1 (20 per cent) per equity share for 2016-17
- **The** Company's Board provided an in-principle approval for the demerger of the Home & Personal Care business. The Board directed the Company to initiate related discussions with merchant bankers and agencies

MANCE

HOW WE GENERATED MULTI-YEAR SUSTAINABLE GROWTH

Higher revenues

Revenues (₹/ cr)

+156 (₹ cr)

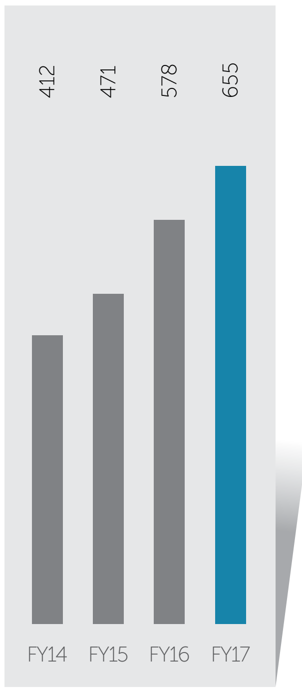
Definition
Sales growth

Why we measure
This measure reflects the result of our capacity to understand market needs and service them with corresponding research, product launch and manufacture, stronger supply chain and funds management – the entire supply chain.

Performance
Our aggregate sales (including subsidiaries) increased 5.2 per cent to ₹3163 cr in 2016-17 on account of increased customer demand.

Operating profit growth

Operating profit (₹/cr)



+77 (₹ cr)

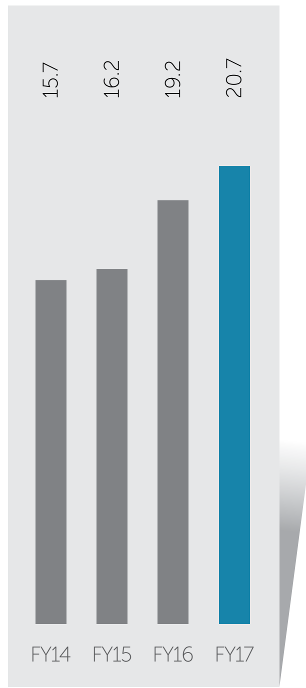
Definition
What the company earned before the deduction of interest, depreciation, extraordinary items and tax.

Why we measure
This measure is an index of the company's operating profitability, which serves as a comparison with sectoral peers.

Performance
The company reported a 13.32 per cent increase in its operating profit in 2016-17. This was the result of capacity investments, cost reduction, product mix changes and a larger share of the customer's wallet.

Operating margin movement

Operating margin (%)



+150 bps

Definition
The movement in percentage points in operating profit before interest, depreciation, exceptional items and tax when divided by the company's revenues.

Why we measure
This movement indicates a company's inherent efficiency. Aarti focuses on consistently increasing margins higher than the sectoral average.

Performance
In FY15-16, an associate company was converted into a subsidiary, increasing operating profits and OPM during 2016-17.

Gearing

Gross Debt-equity ratio

+0.01

Definition
This is derived through the ratio of debt to net worth (less revaluation reserves).

Why we measure
This is one of the defining measures of a company's financial health, indicating the ability of the company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the company to sustain growth in profits, margins and shareholder value.

Performance
We recommend that this ratio be read in conjunction with net debt: operating profit.

Return on capital employed

ROCE (%)

-40 bps

Definition

The return percentage (EBIDTA divided by total average capital employed by the company expressed as a percentage) generated from the amount deployed in the business.

Why we measure

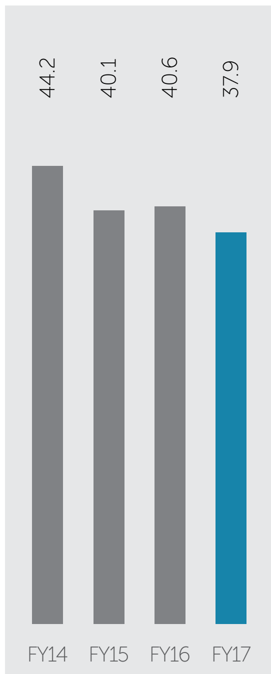
This measure unambiguously captures the result of all our diverse initiatives in building a stronger company, the higher the ROCE the better, making it possible to compare year-on-year competitiveness.

Performance

Our ROCE strengthened from 23.3 per cent in FY14 to 24 per cent in 2016-17.

Working capital efficiency

Working capital as % of total employed capital



-270 bps

Definition

This is derived through the division of total employed capital by the quantum of working capital outlay (expressed as a percentage).

Why we measure

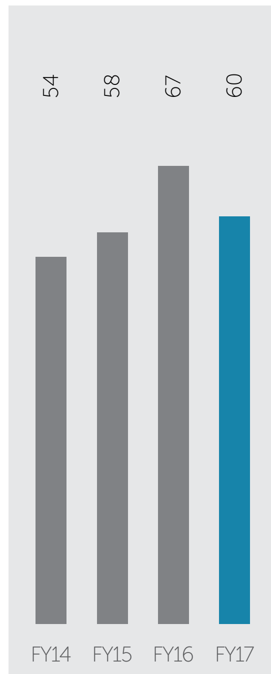
This indicates the intensity of working capital in the business, the lower the better.

Performance

The company succeeded in reducing working capital intensity in its business at around 38 per cent of revenues, which is a creditable achievement at a time of sectoral slowdown.

Receivables management

Receivables (in terms of days of turnover equivalent)



-7 days

Definition

This is derived through the division of the turnover by the total receivables at the end of the financial year multiplied by 365.

Why we measure

This indicates the number of days of receivables outstanding, the lower the better.

Performance

The company succeeded in reducing receivables at around 60 days of turnover equivalent in 2016-17, creditable at a time of sectoral weakness.

Exports

Exports as a % of revenues

+50 bps

Definition

This highlights the quantum of exports as a percentage of the company's overall revenues.

Why we measure

Exports validate the company's global competitiveness as well as its ability to service the needs of some of the largest and most demanding global capital equipment companies.

Performance

The proportion of exports in the company's revenues was stable across the four years ending 2016-17.

AARTI INDUSTRIES. GLOBAL PARTNER OF CHOICE.

PROMINENT POLYMER AND ADDITIVES CUSTOMERS

BASF The Chemical Company
sojitz
SOLVAY
TORAY Innovation by Chemistry
TEIJIN
DUPONT
Ticona
EVERLIGHT
Chemipro®
سابك sabic
dic

PIGMENTS, PAINTS, PRINTING INKS AND DYES CUSTOMERS

BASF The Chemical Company
EASTMAN
SUDARSHAN
MICRO INKS
HUNTSMAN
Clariant
SunChemical a member of the DIC group
Atul
Flint Ink
ARCHROMA

DELIGHTING CUSTOMERS. ENHANCING VALUE.

AGRO INTERMEDIATE AND FERTILIZER CUSTOMERS

HOME AND PERSONAL CARE CHEMICALS - MAJOR CUSTOMERS

BEING A GLOBAL PARTNER OF CHOICE MEANS THAT WE MAKE PRODUCTS THAT ARE INTEGRAL TO OUR CUSTOMERS' BUSINESSES

We make products that are core to our every-day lives

Speciality Chemicals

Polymer and additives: Our products are used in aircraft, automobiles, cruise liners, electro-static precipitators, bullet-proof jackets, electronic gadgets and various other applications.

Agrochemicals and intermediates: Our products find use in pesticides, insecticides, fungicides, herbicides, fertilizers, nutrients, etc.

Dyes, pigments, paints and printing inks | Pharma intermediates | Fuel additives | Rubber chemicals, etc.

Pharmaceuticals

Active Pharmaceutical Ingredients: Intermediates for innovators and generic companies | Our products are used in anticancer, anti-asthma and anti-hypertensive drugs as well as oncology therapies and steroids, etc.

Home and Personal Care Chemicals

Non-ionic surfactants: Concentrates for shampoo, hand wash, dish wash, oral care, etc.

We market products to marquee customers

Aarti Industries' esteemed customer list comprises leading multinational companies and global giants. The company's global business is also supported by its presence through its marketing and distribution subsidiaries in US and UK.

Our customers are spread across the world

Aarti Industries services customers across 60 countries, largely in the developed markets like USA, Europe, Japan as well as an emerging market in India.

We engage in enduring customer relationships

Aarti Industries generated more than 85 per cent of its revenues from customers of five years or more in 2016-17, indicating the strength of its relationship-driven business model.

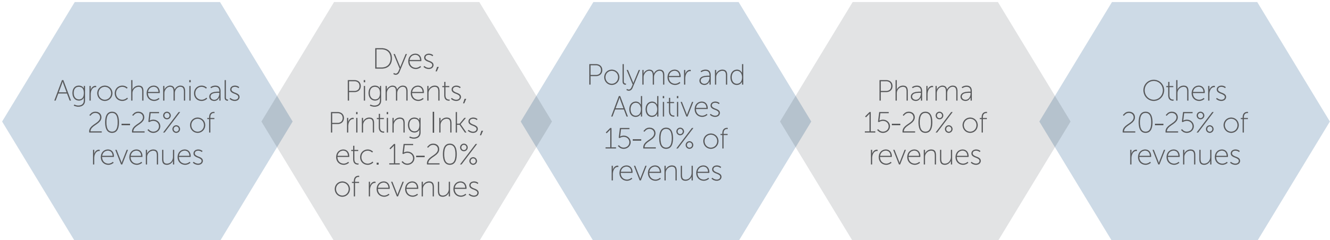
Our export performance generated respect

CHEMEXCIL presented the Trishul Award for Outstanding Export Performance for FY14-15 and FY15-16 and Award of Excellence for the Consistency in Export Performance for FY13-14.

Our customers are large and respected

Aarti Industries enjoys a large and diversified customer base of more than 150+ export customers & 500+ domestic customers.

Our customers comprise large downstream sectors



WE ARE RESPECTED AS A GLOBAL PARTNER OF CHOICE BECAUSE WE BRING A DISTINCTIVE KNOWLEDGE VALUE TO OUR CUSTOMERS

At Aarti Industries, we enjoy the brand of a company that is respected for extending beyond the usual.

The result has been a rich track record related to the introduction of new products, processes and practices in the benzene and toluene niche of the speciality chemicals industry.

Our pioneering innovation landscape

Directly utilised HCL gas, a byproduct of benzene chlorination, in the manufacture of Chloro Sulphonic Acid (CSA)

1

Produced 100 per cent export-grade Calcium Chloride Granules from dilute HCL

2

Used Scrub NOx in Sulphuric Acid from the MDCB plant to manufacture commercial grade Nitrosyl Sulphuric Acid

3

Commercialised the Continuous Loop reactor for the eco-friendly Hydrogenation process

4

Exported specialty chemicals in shipload volumes from India

5

Only company in India to commercialize the manufacture of flouro compounds via Halex chemistry

6

How we have transformed realities

We were a make-to-stock company; we emerged as a make-to-order organisation

1

We were a vendor to a number of companies; we have emerged as a partner of choice

2

We marketed products that addressed customer needs; we strengthened our business model to address the complementary requirements of global customers

3

We invested earlier with the objective to seek growth avenues; we invest only after we have gained pre-sold revenue visibility

4

WE EMERGED AS A GLOBAL PARTNER OF CHOICE BECAUSE WE CONTINUED TO INVEST IN OUR BUSINESS

Aarti Industries invested extensively and periodcally across its business with a singular objective: to provide products in line with growing customer needs in terms of volume, quality, certifications, logistics and first-mover advantage.

We strengthened research and development

We *introduced pioneering technologies and manufacturing processes in India*

We invested in certifications and standards

We *invested in Department of Scientific and Industrial Research-approved facilities*

We possess GMP-approved pharmaceutical plants, ISO 9002-certified plants and two USFDA plants

We enriched our knowledge capital

We *invested in a dedicated pool of over 2000 engineers and scientists*

We invested in governance

We *invested in the development of IPRs to create customised products or products under secrecy agreements*

We customised better

We *possess a credible track record of product manufacture around stringent customer needs*

We invested in research and development, latest technology

We *upgraded six facilities across our manufacturing units into zero discharge of liquid effluents*

We *made substantial investments to upgrade our effluent treatment infrastructure*

We *enhanced our thrust on the 3Rs (Reduce-Reuse-Recover) across operating sites*

We *enhanced our thrust on plant automation and upgradation through cost-effective, efficient and eco-friendly processes*

We invested in responsible product development

We *consistently developed new product lines around green technologies*

WE CEMENTED OUR REPUTATION AS A SECTORAL OUTLIER ON THE BACK OF OUR QUALITY FOCUS

We were respected for innovation

In recognition of outstanding achievements, the Indian Institute of Chemical Engineers bestowed the prestigious Lala Shriram National Award for Leadership in Chemical Industry to our Chairman Emeritus and founder Shri Chandrakant V. Gogri.

CHEMTECH Foundation accorded Aarti Industries with the 'Outstanding Achievement for Innovation' Award for the company's commendable efforts in conserving the environment and sustainable growth through innovation.

We made a number of investments in our business

The company commenced commercial production at its multipurpose Ethylation unit at Dahej SEZ, Gujarat, and the second phase of its PDA expansion from September 2016. Using Swiss technology, the plant has a capacity to manufacture about 8,000-10,000 TPA of ethylene derivatives. The product manufactured enjoys applications in herbicides (agrochemicals) and applications in agrochemicals catering to global majors. This ethylation unit is the first of its kind in India, expected to reach full utilisation within four years. This unit will enjoy benefits applicable to other SEZ units.

The Company announced an investment of ₹75 crore to set up a world-class R&D, scale-up and innovation complex equipped with state-of-the-art equipment and analytical tools. The new complex would comprise an R&D centre, scale-up facility consisting of a kilo-lab and a pilot plant, innovation center, dedicated labs for process safety and effluent treatments addressing more than 150 scientists and engineers. The initiative will enable the company to strengthen its presence among global agrochemical, fuel additive, pharmaceutical, polymer and rubber chemical majors.

The company announced a fresh investment outlay of more than ₹1,000 cr for the next two years.

We received a validation of our partnership model

In a post-Balance Sheet development, the Company entered into contract with a global agriculture company to supply a high value agrochemical intermediary for use in herbicides across I0 years. The supplies are expected to commence from FY20 and generate projected revenues of approximately ₹4,000 crores (approximately USD 620 million) over the contract term. The project would entail an investment of about ₹400 crores (approximately USD 62 million) by the company. The end-use is among the major growth initiatives of the downstream customer for which approximately US$ 1 billion is proposed to be invested.

We strengthened our financials to service customer better

1. The company kept debt under control; debt coverage improved; dollar-denominated loans were replaced by Indian currency debt

2. A strong execution of growth-oriented investments strengthened return on capital

3. Working capital management strengthened

Being a global partner of choice was validated by a high global ranking

1. Chlorination (in global top three)

2. Nitration (in global top four)

3. Ammonolysis (in global top two)

4. Hydrogenation (in global top two)

5. Others

6. Halex Chemistry (only player in India)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ENHANCING CUSTOMER VALUE THROUGH ONGOING PROCESS INVESTMENTS

AT AARTI INDUSTRIES, WE BELIEVE THAT ONE BUSINESS INVESTMENT that impresses customers the most is that decision to invest in enhancing the quality (as distinct from quantity) side of our manufacturing infrastructure.

Over the years, we have not only increased our manufacturing capacity; we have periodically upgraded the quality of our infrastructure as well.

For instance, we invest significant amount each year in enhancing the quality of our infrastructure related to the safety, health and environment functions; besides, the upside of our investment also enhances our productivity.

Even though some elements of our manufacturing infrastructure are relatively old and mature, this periodic investment has helped graduate their technology and efficiency in line with the modern standards of the day.

Enhancing product quality. Increasing customer respect.

ENHANCING CUSTOMER VALUE THROUGH COST REDUCTION

AT AARTI INDUSTRIES, WE BELIEVE THAT ONE OF THE MOST EFFECTIVE ways in which we can enhance customer value is through cost reduction.

Our lower cost structure makes it possible to price our products competitively. In turn, this makes it possible for our customers to strengthen their price-value proposition among their downstream customers, strengthening their business model.

Over the years, Aarti Industries has reinforced its cost leadership through proactive investments in backward integration and cost-reducing capital expenditure.

During the year under review, the company embarked on a significant ₹90 cr initiative to enhance its co-generation and renewable energy capacities.

The initiative will transform waste heat energy generated from the manufacturing process into energy; this can save energy costs by at least ₹3-4 per unit; this will enhance the company's energy self-sufficiency, moderating the drawing of expensive power from the state electricity grid; the proposed investment is expected to generate a four-year payback.

Deepening the company's competitiveness. Enhancing overall customer value.

CORPORATE INFORMATION

Chairman Emeritus
Shri Chandrakant V. Gogri

Chairman & Managing Director
Shri Rajendra V. Gogri

Vice Chairman & Managing Director
Shri Rashesh C. Gogri

Vice Chairman
Shri Shantilal T. Shah

Independent Directors
Shri Ramdas M. Gandhi
Shri Laxmichand K. Jain
Shri Vijay H. Patil
Shri K.V.S. Shyam Sunder
Shri P. A. Sethi
Shri Bhavesh R. Vora
Padmashri Prof. Ganapati D. Yadav
Smt. Priti P. Savla

Whole-time Directors
Shri Parimal H. Desai
Shri Manoj M. Chheda
Smt. Hetal Gogri Gala
Shri Kirit R. Mehta
Shri Renil R. Gogri

Chief Financial Officer
Shri Chetan Gandhi

Company Secretary
Smt. Mona Patel

Auditors
M/s. Gokhale & Sathe,
Chartered Accountant

Registrar & Transfer Agent
M/s. Link Intime India Private Limited
C 101, 247 Park,
L. B. S. Marg, Vikhroli (West),
Mumbai, Maharashtra – 400 083.
Tel No: +91 22 49186000
Fax: +91 22 49186060

Bank / Financial Institution
Aditya Birla Finance Ltd.
Axis Bank Ltd.
Bank of Baroda
Citi Bank N.A.
DBS Bank Ltd.
First Rand Bank
HDFC Bank Ltd.
HSBC Ltd.
Kotak Mahindra Bank Ltd.
IDBI Bank Ltd.
IndusInd Bank Ltd.
Societe Generale
Standard Chartered Bank
State Bank of India
SVC Bank Ltd.

Registered Office
Plot Nos. 801, 801/23, G.I.D.C. Estate,
Phase - III, Vapi, Dist. Valsad,
Gujarat - 396 195.

Corporate Office
71, Udyog Kshetra, 2nd Floor,
Mulund - Goregaon Link Road,
L.B.S. Marg, Mulund (West),
Mumbai, Maharashtra - 400 080.
Visit us at www.aarti-industries.com

Corporate Identity Number
L24110GJ1984PLC007301

TEN-YEAR CONSOLIDATED FINANCIAL HIGHLIGHTS

For the financial year ended on *(₹ in Crs)*

Particulars	31.03.17	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Income from Operations	3,163	3,007	2,908	2,632	2,096	1,673	1,453	1,277	1,432	880
EBIDTA	655	578	471	412	365	253	202	206	248	125
Interest	117	117	138	118	95	72	56	52	89	39
Depreciation	123	99	82	89	83	55	50	47	40	29
Profit before Tax	416	363	255	206	187	126	96	107	119	58
Share of Profit from Associates	NIL	NIL	14	11	2	14	15	14	13	7
Consolidated Profit after Tax	316	257	206	162	134	103	81	82	95	47
Dividend %	NA	170	110	90	80	70	50	50	60	30
Payout	1	69	52	42	37	28	19	19	22	11
Per Share Dividend (in ₹)	NA	8.50	5.50	4.50	4.00	3.50	2.50	2.50	3.00	1.50
Equity Share	****41.06	***41.66	44.30	44.30	**44.30	*39.56	38.36	*38.36	36.85	36.40
Reserve & Surplus	1,321	1,096	972	826	712	551	467	416	337	268
Networth	1,426	1,189	1,016	871	756	590	509	454	374	303
Long term & Short term Borrowings	1,436	1,233	1,068	949	805	588	495	394	440	388
Gross Fixed Assets	2,655	2,081	1,685	1,477	1,237	855	780	727	663	527
Net Fixed Assets	1,697	1,246	967	826	674	443	412	407	392	308
Capital work-in-progress	270	313	193	117	69	54	18	9	9	33
Investments	47	41	139	117	95	94	76	54	41	31
Net Working Capital	1,004	950	893	848	798	646	556	433	414	351

Key indicators

	31.03.17	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Book Value per share (₹)	173.69	142.75	114.73	98.29	85.36	74.59	66.34	59.21	50.79	41.65
EPS (Basic & Diluted) (₹)	****38.45	***30.83	23.24	18.34	**15.17	*13.45	10.62	*10.73	11.81	5.61
EBIDTA/Income from Operations	20.7%	19.2%	16.2%	15.7%	17.4%	15.1%	13.9%	16.1%	17.3%	14.3%
Net Profit Margin %	10.0%	8.5%	7.1%	6.2%	6.4%	6.2%	5.6%	6.5%	6.6%	5.3%
Debt/Equity Ratio	1.10	1.09	1.18	1.20	1.12	1.06	0.97	0.87	1.18	1.28
RONW %	24.2%	23.3%	21.8%	20.0%	20.0%	18.8%	16.9%	19.9%	27.9%	16.2%

Figures for FY 2016-17 and FY 2015-16 are in the compliance with the Ind AS

* Based on increased equity post conversion of Preferential warrants.

** Based on increased equity pursuant to Scheme of Arrangement between Aarti Industries Limited with Anushakti Chemicals and Drugs Limited.

*** Based on reduction in equity Pursuant to Scheme of Amalgamation between Aarti Industries Limited and Gogri and Sons Investments Pvt. Ltd., Alchemie Leasing and Financing Pvt. Ltd., Anushakti Holdings Ltd. and Anushakti Chemicals and Drugs Limited

**** Based on reduction in equity Pursuant to Scheme of buy-back.

A FELICITATION FUNCTION FOR AARTI EMPLOYEES WHO










SERVED THE COMPANY FOR MORE THAN 25 YEARS

LENDING A HELPING HAND

At Aarti Industries, we believe that our objective is to engage in utilizing our resources for the wider good.

Over the years, the Company engaged in grassroots development inspired by the guidelines of Late Dr. A.P.J. Abdul Kalam, the former President of India who stressed the importance of urban amenities in rural areas.

In view of this, the Company invested in society-building through engagements in the area of rural development, education, skill development, provision of clean drinking water and healthcare, childcare, women's empowerment, livelihood generation, disaster relief and rehabilitation, hunger and poverty eradication, water conservation, environment protection and societal uplift.

The Company intends to undertake larger initiatives in the villages of Gujarat, Maharashtra and other parts of India which represent opportunities to make a significant difference on account of their extensive needs and development.

THE MAJOR RATIONALE OF OUR CSR ENGAGEMENT

Rural Development

This is one of area of national priority. Aarti Industries has been actively involved in rural development through supported projects. The company has alongwith various NGOs undertaken projects to improve civic infrastructure, housing, sanitation, educational infrastructure, alternative employment, irrigation systems, etc.

Aarti Industries through NGOs adopted villages in Maharashtra and Gujarat to engage in cluster development, an initiative appreciated by other NGOs as well.

Education

Ninety per cent children from below the poverty line families remain illiterate despite four years of education. The problems are aggravated due to a shortage of primary school teachers (estimated at 689000); only 53 per cent government schools have a functional girls' toilet.

Aarti Industries is committed to provide adequate educational facilities with boarding and supporting infrastructure in addition to training rural teachers. The company through NGOs had promoted the Vidya Sarthi programme to teach the potential teachers, so that the baton of education and enlightenment be spread to vast and remote areas. Aarti Industries is engaged (through various programmes) in providing education to more than 3000 students.

Skill Development

About 67 per cent of India's industrial sector does not find skilled professionals. Aarti Industries is engaged in various measures to promote various vocational trainings, Army training, IT awareness and training to help enhance the skill of rural people thereby not only providing them the platform to train and educate on various fields but also supporting them by providing the adequate tools and infrastructure including financial assistance to enhance rural skills and livelihood opportunities.

Childcare, women's empowerment and livelihood generation

Women's literacy in India is estimated at around 65 per cent, 20 per cent lower than men's literacy rate. The Indian Government introduced a number of women-centric programmes to plug this gender gap.

Aarti Industries, along with its aided foundations and NGOs, have been working in this field for years with the singular objective of enhancing women's awareness and training leading to financial independence.

Your Company supports various programmes like a Nursing School, Teacher's Training Institute and livelihood generation through VSSM and other NGOs.

Healthcare

In India, healthcare facilities are limited. To extend facilities to remote India, Aarti Industries had aided multiple projects and programmes to provide necessary and adequate healthcare facilities in Gujarat, Bihar, Madhya Pradesh, Jammu & Kashmir, etc. Your Company through its aided programme, is in the process of commissioning a multi-speciality hospital as well.

Disaster Relief and Rehabilitation

Aarti Industries made significant contributions to various disaster relief and rehabilitation activities. Your Company (directly and indirectly) helped rehabilitate those affected in the Jammu & Kashmir floods, in the Nepal earthquake, in the Orissa floods, in the Uttarakhand floods , in the Drought affected areas of Gujarat & Maharashtra. Your Company through its aided programmes had undertaken various drought relief measures to provide immediate aswell as long term infrastructure to deal with such calamities in future.

Water Conservation & Environment

There have been multiple droughts across India in the last few years, aggravated by limited water conservation. Aarti Industries alongwith various NGOs helped create check dams, artificial lakes and de-silted water bodies (lakes and ponds) alongwith various other water conservations efforts. The company also embarked on initiatives to create gardens and engage in planting trees.

Hygiene & Sanitation

Supporting the Government's Swach Bharat Abhiyan, Aarti Industries engaged in programmes related to better sanitation in remote Gujarat and Maharashtra. Your Company handed over 500 toilet blocks for public use in Gujarat, Maharashtra and Union territory of Silvassa & Dadra Nagar Haveli.

Management discussion and analysis

Economic Review & Outlook

The Indian economy is projected to grow at 7.1% in FY17, according to the Central Statistics Office, circumventing the possibility of a slowdown post-demonetization. The growth is estimated to be supported by meaningfully higher agricultural growth. Waning global oil prices have improved the external current account and fiscal positions, also facilitating lower inflation. Furthermore, there has been greater macroeconomic stability on account of sustained fiscal consolidation and an anti-inflationary monetary policy.

The coming year is set to strengthen the Indian economy further on the back of increased government spending in infrastructure and the implementation of Goods and Services Tax (GST) from July 1, 2017. A good monsoon, higher private investment and expected surge in consumer spending led by pent up demand are other catalysts which will benefit the health of the economy.

Specific negative risks to growth include protectionism sentiment prevailing across various economies and higher interest rates by the Fed, upside risk to inflation, increasing crude oil prices, slower growth in investment and credit, rising bad loans issue and uncertain trade prospects with appreciating rupee.

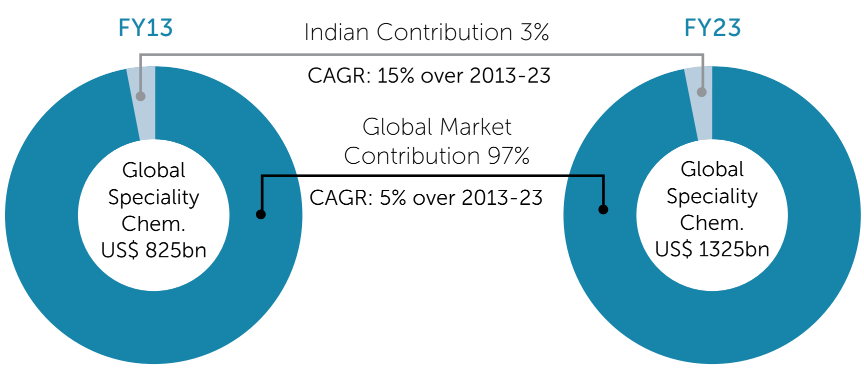
Indian Speciality Chemicals overview

Though as the Indian chemical industry has gained increased mindshare in the recent years, it has been a significant contributor to the Indian economy, supporting a variety of downstream industries such as Agrochemicals, Dyes & Pigments, FMCG, Fuel Additives, Pharmaceuticals, Textiles, etc.

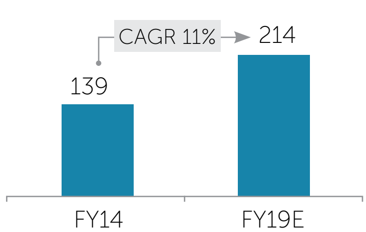
According to a report by Department of Chemicals & Petrochemicals and Department of Industrial Policy & Promotion -

- The Indian chemicals industry with a market size of USD 145 billion is the seventh largest producer of chemicals worldwide
- India is the third largest producer of agrochemicals globally
- Specialty chemicals market has been growing at 14% over the last five years due to domestic consumption and the market size is expected to touch USD 70 billion by 2020
- India produces around 16% of the world's dyestuff and dye intermediates, particularly reactive acid and direct dyes
- The Indian colorant industry, valued at USD 6.8 billion, exports nearly 75% of its production
- India exports around 50% of its agro-chemicals production

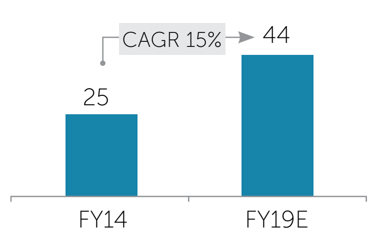
The $25 billion, Indian speciality chemicals sector has grown from one dominated by small niche players into a multi-faceted global footprint. The industry grew from $ 16 billion in FY10 to $ 25 billion in FY14 and projected to grow to $ 44 billion by FY19 (Source: FICCI).



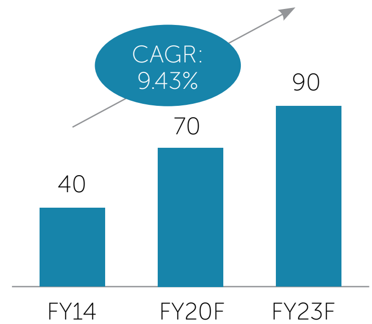
Indian Chemicals Industry Future Outlook (USD bn)



Indian Speciality Chemicals Industry Future Outlook (USD bn)



Speciality chemical growth outlook by FY23 (USD billion)



Speciality chemicals comprise high value, low volume chemicals recognised for their performance-enhancing end use applications. Being 'usage-specific', speciality chemicals touch upon every population segment finding downstream applications in paints, coatings, plastics, home care surfactants, flavours and fragrances.

Traditionally, a majority of the Indian market was characterised by SMEs working around low cost but without processes, quality and customer engagement capabilities at par with global peers. In recent years, there has been a decisive shift, the Indian speciality chemicals industry moving from a generic space to a knowledge based and innovation-driven niche. The segment is witnessing increasing usage in customer-related industries such as agrochemical, pharmaceutical, automotive and textile, with greater consumer demand for higher-quality, superior performance products. Innovation and sustainability have become central in the competitive landscape, getting highest priority of manufacturers. The 'green chemistry' (development of chemical products/processes that reduce/eliminate the generation of hazardous substances) and sustainability movement has gained increased prominence as it now a major requirement of the global RFPs.

Workshop for Safety Awareness

India has the right ingredients to emerge as the global hub for chemical manufacturing. The structural foundation of the Indian speciality chemicals sector remains strong, catalysed by its skilled manpower and flourishing end user industries. There is a visible increase in the consumption of-value added high performance products in all spheres of life. India's position as a manufacturing hub for specialty chemicals strengthened following an increasing shift in manufacturing capacities to Asia, following a weakening in Chinese exports and a sustained improvement in India's competitiveness.

The Government of India has taken several promising initiatives in developing chemical clusters with adequate infrastructure, simplifying international investment. Further, the Make in India campaign gives greater visibility for the sector. These initiatives validate India's emergence as a leading global speciality chemicals manufacturing location on the back of improvements in infrastructure, regulation, licenses and taxes.

Aarti's strengths

Aarti's business model encompasses a number of strengths.

Leadership – established record of execution:

The transformation of Aarti Industries from an Indian Company supplying to global markets to a global knowledge-driven Company effecting partner of choice relationships has been nurtured by the Company's decisive leadership. Aarti's promoters include first generation technocrats; five of six Promoter Directors possess an engineering background; three of four Founder Promoters are chemical engineers from ICT (formerly UDCT). Your Company has a track record of execution where returns have progressively improved in line with capex growth thereby delivering consistent revenue growth, value-addition and margins expansion

As a transformational Company, the management at Aarti has always been focused on creating a benchmark innovation program, investing in research led product and process development, creating high-end value added products and chemistries and introducing pioneering technologies. This has made it possible to combine a comprehensive value chain with enhanced operating efficiency, enter niche product spaces and deepen customer relationships. The Company has been recognized as a strategic supplier/partner of choice by major global and domestic downstream customers.

Integration operations with global scale:

Aarti has built a global-scale competitive manufacturing enterprise which is environment friendly as it is committed to minimizing effluent discharge. Aarti's sustained focus on process improvements, cost efficient operations, plant automation and high quality benchmark made it possible for the Company to emerge as one of the lowest cost producers of benzene derivatives in the world. Your

Section of Jhagadia Plant

Company is the largest producer of benzene based derivatives in India. Your Company has both backward and forward integrated facilities, with cost-efficient processes comprising 125 products catering to diverse downstream applications. Besides, your Company comprises 17 state-of-the-art manufacturing units across Gujarat, Maharashtra, Madhya Pradesh and Silvassa. Scalable, integrated and green operations ensure supply security to your Company's global customers. Moreover, a combination of competitive, large and integrated supply chains empowered your Company to address the growing needs of large global customers with a diverse product mix.

Further, the Company enhanced product customization, marked by the ability to switch products based on market dynamics, strengthening resource and asset utilization.

De-risked, leadership portfolio:
Your Company's de-risked portfolio comprises diverse products addressing different end-user applications across customers, geographies and economic cycles. Your Company's products enjoys applications in multiple industries like Agrochemicals, Polymers and additives, Dyes, Pigments, Printing Inks, Pharmaceuticals, FMCG, Optical Brightners, Oil & Gas, Rubber Chemicals, Flavours & Fragrances, Food Ingredients, Cattle Feed, etc. No single product or customer contributed more than 9% of revenues during the year under review. Your Company supplies products to more than 500 domestic customers and over 150 international customers from 60 countries with a major presence in USA, Europe, Japan, China and India. The customer list comprises marquee brands like BASF, Bayer, CavinKare, Cipla, Clariant, Dabur, Dow, Dr. Reddys, DuPont, Flint Ink, Hindustan Unilever, Hunstman, Lupin, Makhteshim Agan, Micro Inks, Pfizer, Sandoz, Sanofi, Solvay, Sudarshan Chemicals, Sun Chemicals, Sun Pharma, Syngenta, Teijin, Teva, Ticona, Toray, UPL and Zydus, among others.

Aarti Industries is a knowledge-driven Company with a benchmark R&D program. There has been focus on developing integrated product chains rather than fragmented, standalone products enabling significant cost synergies and deeper relationships with clients who partner with the Company for multiple products over several years. Aarti Industries has also chosen to be in several niche products where competitive intensity is low. These products we manufacture at our world class facilities that operate with a high level of backward integration. Leadership facilitates knowledge transfer, provides demand foresight, the ability to absorb incremental SH&E costs and a 'partner of choice' positioning with target customers.

Globally various consolidations are under way such as Dow-Dupont, Syngenta-Chem China, Bayer-Monsanto, Clariant-Huntsman. Aarti with its leadership portfolio and deep relationships with almost all these entities is best placed to benefit from this trend.

In June 2017, Aarti Industries signed ₹4,000 crore multi-year deal with a Global Agriculture Company for supply of an agrochemical intermediary. The contract entails supply of a high value agrochemical intermediary, for use in herbicides, over a 10 year period. The supplies are expected to commence from FY20 and would generate expected revenues of approximately ₹4,000 crores (approximately USD 620 million) over the contract term. The project will entail investment of about ₹400 crores (approximately USD 62 million) by Aarti Industries . The end-use is amongst the major growth initiative of the Customer and approximately US$ 1 billion is being invested for this project/initiative. The contract win highlights our Global Partner of Choice positioning amongst the leading global agrochemicals, polymer, pigment and other speciality chemicals Companies.

Innovation program: Aarti Industries is a knowledge-driven Company and presently operates three R&D centres. Two of these centres focus on R&D initiatives for Pharmaceutical APIs and the third one on Speciality Chemicals. Aarti has built technological capabilities through know-how transfer resulting in several differentiated processes/ chemistries. The focus has always been on development of newer and niche value-added products and process chemistries, improving product quality and process yields of existing products, forward integration for downstream products etc, with thrust on environment friendly processes. The innovation program has empowered Aarti to move towards downstream products and co-product/isomer balancing-expanding operations towards higher value chemical processes like hydrogenation, fluoro compounds, and diazotization. The enriching product mix combined with scale has enhanced the earning efficiency of the value chains.

In April 2017, Aarti Industries Board approved an investment of ₹75 crore to set up a world class R&D, scale-up and innovation complex equipped with the state-of-the-art equipment and analytical tools. The new complex would comprise an R&D centre, a scale-up facility consisting of a kilo-lab and a pilot plant, an innovation center, dedicated labs for process safety, effluent treatment, etc. It will house over 150 scientists and engineers responsible for researching and developing breakthrough innovations, as well as for commercial scale up of various Speciality Chemicals. The complex will more than double AIL's R&D capabilities and will enable Aarti Industries to further strengthen its global presence in the end-user applications of Agrochemicals, Fuel Additives, Pharmaceuticals, Polymers, Rubber Chemicals, etc.

Regulatory: Your Company is a strong proponent of 'green chemistry' (development of chemical products/ processes that reduce/eliminate the generation of waste). Your Company was an early adopter of the most stringent global environment, health and safety standards, ensuring optimal productivity and business sustainability.

Aarti Industries has been REACH-compliant, possesses, six zero liquid discharge units, while reviewing the viability for converting other units into zero discharge. Your Company has prioritized an emphasis on 3R (Reduce-Reuse-Recover) across operating sites, following the highest SH&E (Safety, health & Environment) standards. Your Company has invested approximately ₹250 cr in SH&E during last 5-6 years.

Opportunities

High performance industries: According to a new research report by Global Market Insights, Inc. specialty chemicals market size is set to touch USD 1,273 billion by 2024.

Global specialty chemicals growth is primarily led by increasing population along with rapid industrialization shrinking the arable land. The world population is estimated to reach 9 billion by 2040, causing a surge in food demand. Substantial increase in yield is conceivable through use of agrochemicals. Governments across the world are encouraging agrochemicals use to secure food supply to meet the increasing food demand owing to drive industry growth.

According to Research and Markets, the global herbicide market was $23.97 billion in 2016 and is estimated to reach $34.10 billion by 2022, at a CAGR of 6.05% for the forecasted period. Key chemical companies such as BASF, Monsanto, Dow Chemical Company have been investing heavily in their agrochemical business which has been driving the market for herbicides. Innovation in the crop management technology & procedures and focus on improving agricultural productivity will boost herbicide market.

The global specialty chemicals market is expected to gain from strong growth in end user industries including construction and automotive. Growing consumer demand for lubricants to ease frictional forces in the vehicles will improve growth. Growing construction industry, particularly in China, India and Brazil, will push industry growth in the coming years.

Present usage of specialty chemicals in India is significantly low when compared to developed markets. As per FICCI, per capita consumption of chemicals in India is much lower than the western countries, about 1/10th of the world average. According to IBEF, the Indian middle-class household is expected to grow from 31 million in 2008 to 148 million by 2030, fueling huge demand for specialty chemicals in automotives, water treatment and construction.

The global engineering polymers market is projected to register a healthy CAGR of 7.2% in terms of value and 5.7% in terms of volume during 2016–2026, according to Future Market Insights. The automotive and transportation sector is progressively inclined towards adoption of engineering polymers products due to their various thermal and mechanical properties. Engineering polymers are witnessing demand from packaging, electrical and electronics, automotives and consumer goods businesses. Engineering polymers that help reduce carbon footprint such as polyamides and polycarbonates are particularly in high demand.

Globally, speciality chemicals are driven by extensive product and process innovation, a significant differentiator over the commoditized Indian chemical industry. Companies with strong technical expertise, high safety health & environment standards as well as deep customer relationships remain at the forefront to make significant headway in high-value industries. Aarti has progressively leveraged chemistry skills to produce higher downstream products, expanding capacities to global scale for chlorination, nitration, ammonolysis, hydrogenation and fluoro compounds, diazotization etc. The Company has placed a greater focus on better value added chemical processes. The strengthening product mix and scale are likely to drive earnings efficiency of the benzene chain.

Easternization: Easternization is a trend that is not a temporary phenomenon, evidenced by the structural headwinds prevalent in the chemicals industry where chemicals companies need to extract increased value from their operations and embrace smarter portfolio management to improve performance. The 'Easternization' of the global speciality chemicals manufacturing sector has and will continue to present a long–term opportunity for countries like India and China leveraging skilled labour, lower capital costs , improved knowledge, equity and cost advantages of Asian players. Over the years, the larger players from developed countries have progressively discontinued operations for N-1/N-2 and below, transferring capacities eastwards and using local facilities for manufacturing high-end performance products. The result is that a number of these companies operate asset-light structures that increasingly outsource intermediates from China and India.

Country diversification: While easternisation was for long favourably disposed towards China for various end user products, India has recently been developed into an important manufacturing hub for speciality chemicals on account of superior compliance with environmental norms, increasing competitiveness and decline in Chinese competitiveness. Moreover, as MNC customers remain keen to allay their country risk through widening diversification; India is well positioned to capitalise, translating into growing opportunities for the export of speciality chemicals and pharmaceutical intermediates.

Over time, regulating agencies in developing countries have become more stringent in ensuring a complete compliance with environment norms. In China, restrictions have firmed up and imposed over last 2 years; in India, compliances were stringent for five or six years, providing the country a competitive advantage, making it possible for Indian players with large capacities and international quality compliance and environmental standards to corresponding benefit.

The incremental compliances necessitate additional investments in effluent treatment, enhancing costs and impacting capacity utilization. Further, with the maturing of Chinese economy, labour and other costs have increased meaningfully.

Challenges

Regulatory:

Like all chemical companies, your Company is subject to central, state, local and foreign laws and regulations relating to pollution, protection of the environment, greenhouse gas emissions, and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. Costs and capital expenditures relating to environmental, health or safety matters are subject to evolving regulatory requirements and depend on the timing of the promulgation and enforcement of specific standards which impose the requirements. Moreover, changes in environmental regulations could inhibit or interrupt the Company's operations, or require modifications to its facilities. Accordingly, environmental, health or safety regulatory matters could result in significant unanticipated costs or liabilities.

European and developed markets have progressively tightened their import regulations citing environmental concerns and protect domestic manufacturers. The most impactful regulation from an Indian perspective has been the European Union's REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), which went into effect in June 2007. This legislation addresses the production and use of chemicals and their potential impact on human health and environment. The substantial impact of REACH will come into play following the implementation of Phase 3 from June 2018 that will regulate any chemical supplied to EU at quantities of 1 tonne per annum more. REACH increases the safety, health and environmental compliance of chemical manufacturers supplying to EU, affecting underlying process costs.

In a scenario where a number of Indian companies are likely to find this transition challenging, Aarti has been REACH-compliant since 2011. Your Company emphasised the 3R (Reduce-Reuse-Recover) principle across all operating sites, following the highest SH&E (safety, health & environment) standards. Your Company has invested approximately ₹250 cr in SH&E over last 6 years.

End-user/product/country slowdown: Any slowdown in the growth of end user industries (polymers, additives, pigments, paints, printing inks, dyes, agro intermediates and fertilisers) could impact sectoral growth. Your Company has achieved a substantial level of diversification across products, customers, geographies and applications, completely changing the nature of our business risk profile compared to other companies.
AIL caters to several industries, not overtly dependent on any single industry, customer or geography. AIL's diversified portfolio comprising multiple products cater to multiple customers across geographies and varied economic cycles. No single customer, product of end-user industry contributed higher than 9% of revenues. Moreover, AIL is a preferred partner for major customers enjoying leading downstream market shares, safeguarding it from usual business risks.

Innovation:
Specialty chemical manufacturers need to strengthen their technical skill-set around niche applications and product innovation to safeguard margins.

Aarti's superior innovation programme arising out of a transfer of knowledge from strategic customer relationships and its benchmark R&D programme (comprising 100 scientists) ensure better-than-industry margins. AIL is a knowledge-driven Company and presently operates three R&D centres. Two of these centres focus on R&D initiatives for Pharmaceutical APIs and the third one on Speciality Chemicals. Over the years, your Company has received several awards for innovation in the field of chemical engineering.

Currency
Aarti's sales comprise 50% exports, while a large part of its input costs are linked to international prices, hedging to a large extent the impact of currencies on operations. Your Company's 90% of global revenues were USD-denominated, reducing the risk of cross-currency volatility. Your Company monitors movements in currencies with the objective to appropriately hedge its open position. Rupee appreciation during the year would likely impact your Company's profitability and your Company plans to take long term hedging calls for its exposures to safeguard its revenues.

Speciality Chemicals model

Aarti's speciality chemicals segment is focused on benzene derivatives (82% of sales). Aarti is the largest producer of benzene derivatives in India and one of the leading global manufacturers enjoying a 25-40% global market share across various products. Your Company is a global leader in processes like chlorination, nitration, hydrogenation, ammonolysis; it is a market leader in PNCB/ONCB and derivatives. Your Company is the only Indian player developing benzene base fluoro compounds and among the few producers of toluene-based products. The speciality chemicals business can be best described through the 'below four' value chain.

Aarti Industries is a global speciality chemicals Company that combines process chemistry competence with scale-up engineering competence. This is the basis of your Company's Global Partner of Choice relationships. When Aarti uses the term Global Partner of Choice, what it means is that its business is fully complimentary to that of its customers. Aarti Industries align all its product development and new product innovation initiatives with the forward growth path of its customers. Alarti Industries's capital expenditure commitments are completely mapped to the customers' expansion objectives. As a result, customer relationships have continued to grow over several years. Today, 85% of our revenues are derived from customers where Aarti Industrie's relationship extends over five years. Aarti Industries understands that Safety, Health and

Environment objectives are of critical importance in a business environment where triple bottom line objectives are in focus. Failure to meet the stringent SH&E standards have led to the failure of several companies in India and other countries. AILs initiatives and capabilities in this regard our well appreciated by our global customers.

At Aarti Industries, we have been engaged in multiyear relationships with a large number of leading global downstream customers. Your Company is globally ranked from 1st to 5th position for a majority of its key products:

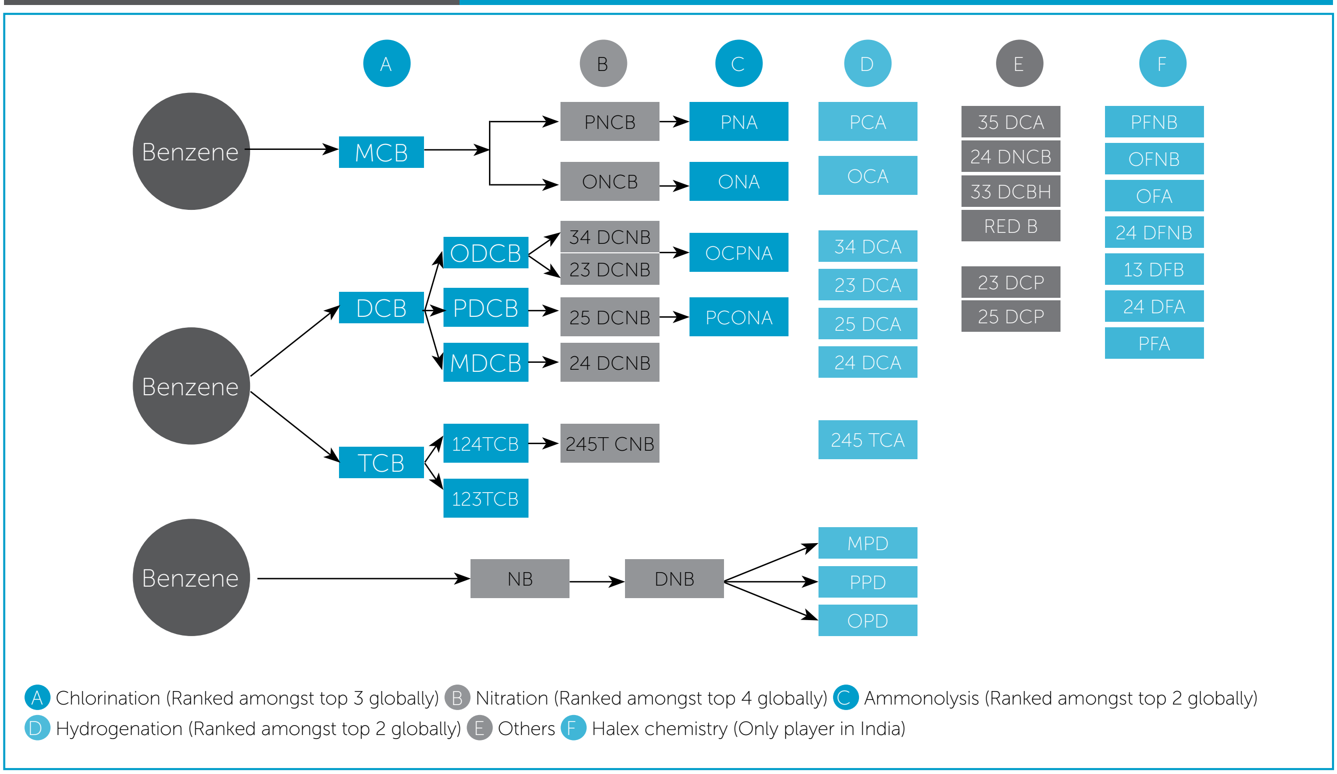
- Chlorination (ranked among the top three globally)
- Nitration (ranked among top four globally)
- Ammonolysis (ranked among the top two globally)
- Hydrogenation (ranked among the top two globally), and
- Halex Chemistry (only player in India).

Your Company is the only global entity integrated backwards and forwards in its range of chemicals and also across various value chains, enhancing its capability to supply a basket of products and becoming a one-stop strategic supplier. This has resulted in the fragmentation of competitive risks as no single global player is as integrated and as diversified as your Company. This differentiated allows your Company to deliver secular growth and expanding value to our stakeholders.

Co-product balancing: Each chemical reaction produces multiple co-products, resulting in engagements with multiple customers, spread over diversed end-user industries an effective entry barrier for competition. Aarti's production flexibility makes it possible to shift products based on market dynamics, countering demand vagaries; a higher product customization and enhanced customer confidence. Proficiency at maintaining this fine balance of what to manufacture and what to consume has resulted in an expanded product basket, reduced manufacturing costs, strengthening overall profitability. Aarti converts process by-products into commercially viable products, enhancing value, augmenting margins and reducing waste footprint.

Aarti's topline is the result of raw material price variations (especially crude oil) even as they have a limited impact on profitability. EBIT is the primary metric to evaluate your Company's performance, capturing the essence of the Company's value addition.

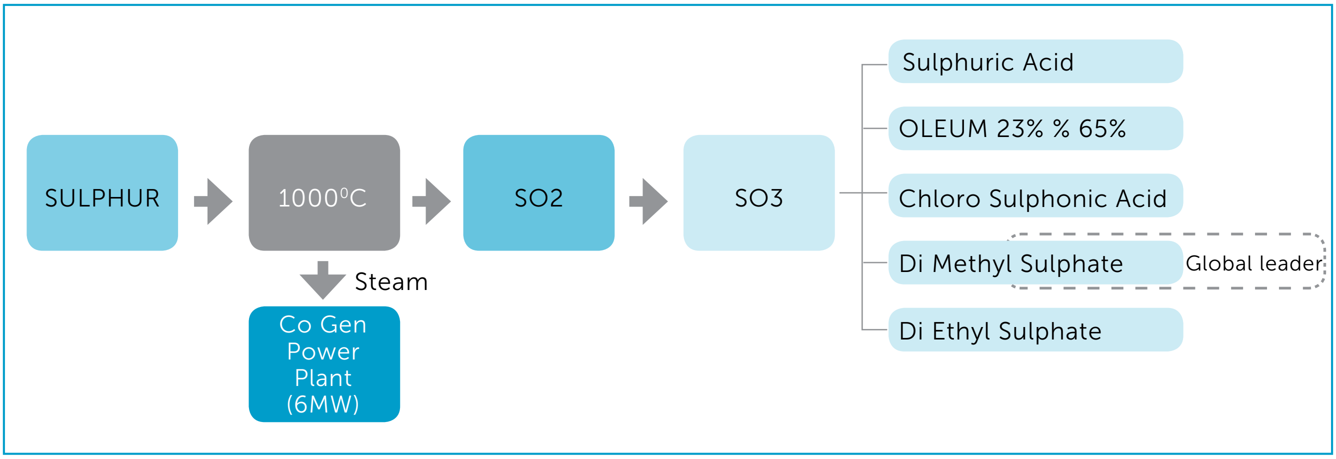
Our Benzene-based value chain



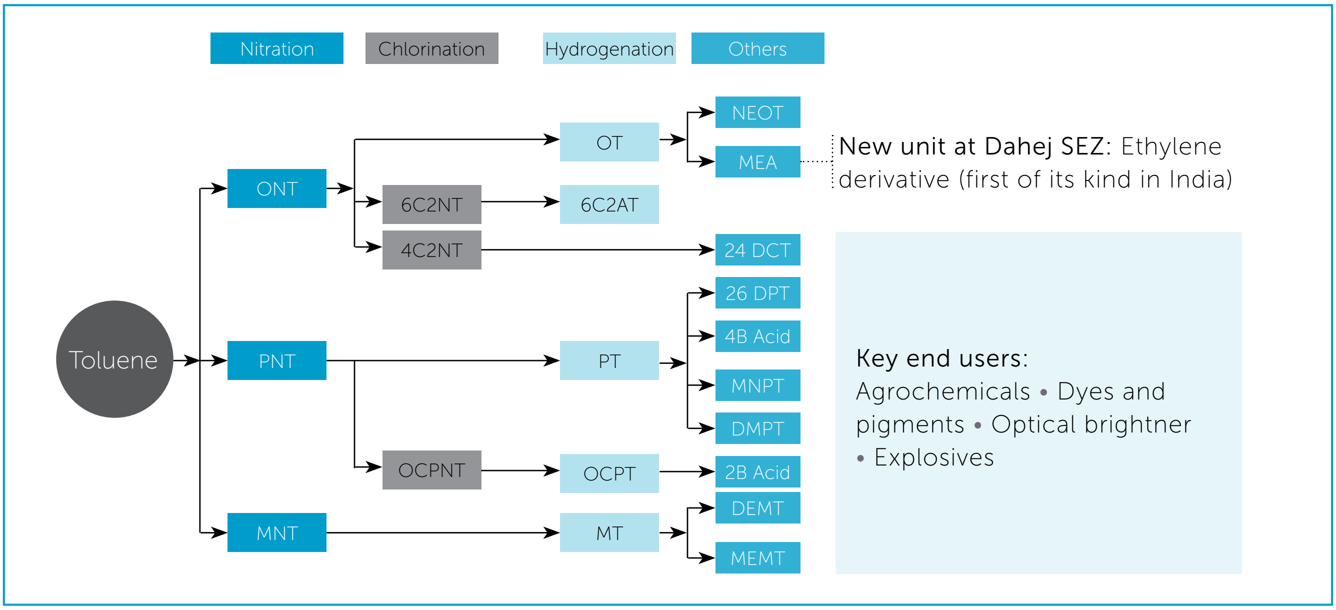
Other Chemicals

Other chemicals manufactured by your Company include Sulphuric Acid &Derivatives, Single Super Phosphate (Fertilizer), Export Grade Calcium Chloride Granules (for Oil Exploration & De-icing), Fuel Additives and Phthalates.

Sulphuric Acid and Derivatives



Toluene-based value chain: (expected to be commissioned in H1 FY17-18)



Impact of raw material volatility:
Since the Company adopts a cost-plus pricing for its various speciality chemicals, its topline is linked with input costs. The demand for most products manufactured by your Company remained in-elastic to raw material price movements; in the case of value-added products, the corresponding impact is significantly lower.

Key financials of the speciality chemicals segment

(₹ in Crores)

Key Financials	FY17	FY16	FY15
Sales	2,404	2,265	2,398
% of total sales	81.5%	81.5%	82.5%
Export	1,294	1,223	1,251
% of Segment Sales	53.8%	54.0%	52.2%
Segment EBIT	566	504	408
EBIT %	23.5%	22.3%	17.0%

A decline in raw material prices muted topline growth to about 8%, while increase in the volume of initial and high value added products strengthened segment EBIT 23% on a Y-o-Y basis and even on a CAGR basis for the last four years.

Capital expenditure

Your Company has identified sizeable and sustainable opportunities to take the Company to the next level of growth, and is executing a multi-pronged expansion plan across multiple processes/products in a calibrated manner. Your Company an established track record of executing value accretive growth investments which takes about 3-4 years to achieve peak utilisations.

Calcium Chloride Unit: During Q1 FY16-17, your Company commercialized the calcium chloride facility at Jhagadia. The Calcium Chloride Granulation unit has a capacity of about 30000 tpa at Jhagadia. Besides this unit, your Company already operates a similar unit at its unit at Kutch. These units converts the byproduct HCL into high quality Calcium Chloride Granules which is exported in global markets and finds its application into Oil Extraction and De-icing activities.

PDA expansion: In September 2016, your Company commenced commercial production of its 2nd Phase of PDA expansion from 450 tpm to 1,000 tpm. Earlier in FY2015-16, the Company scaled-up capacity from 250 tpm to 450 tpm. This expanded capacity will strengthen your Company's presence in the high growth industries of engineering polymers and additives, making your Company the only Indian source for MNCs who do not presently source this product from India.

Greenfield Ethylation unit: In September 2016, your Company also commenced commercial production at Ethylation Unit in the Dahej SEZ. The Greenfield Ethylation unit has adopted Swiss Technology and has the capacity to manufacture about 8,000 – 10,000 tpa of Ethylene derivatives. Aarti is the first Company in India to procure ethylene through a pipeline and operate an environment-friendly ethylation process. The initial product manufactured at this unit has applications into Herbicides (Agrochemicals), and the Company plans to add other products in due course with applications majorly into Agrochemicals, catering to global Agrochemical majors. This Ethylation unit is first of its kind to be set up in India. The Company expects the Ethylation Unit to reach near full utilisation within a span of 3-4 years. This unit would also enjoy the benefits as applicable to other SEZ units.

Greenfield Nitro toluene project: Building on the success of its benzene derivative chain, your Company plans to diversify into a toluene chain of products (nitro toluene and derivatives) through a greenfield facility at Jhagadia. The project is expected to commercialize in H1 FY2017-18. Your Company plans to leverage established existing customer relationships to cross-sell toluene derivatives for their downstream use in the products already serviced by the Company – (optical brighteners, agrochemicals, pigments and pharmaceuticals).

Greenfield chlorination complex: Your Company is setting up chlorination complex in Jhagadia, with initial capacity of 65,000 TPA. This will enhance the Company's Chlorination capacities from 110000 tpa to 175000 tpa. This complex shall expand your Company's capacities in the Chloro Benzene range of chemicals and provide additional capacity facilitating the introduction of a new range of chlorinated compounds. Since Chlorine is manufactured in nearby chloro alkali units, your Company proposes to procure the same through a pipeline, a significant logistical advantage.

Co-generation power plant: With large capacities being commissioned over 12-18 months, your Company had commissioned its three captive co-generation power plant at its units at Kutch, Jhagadia and Vapi, similar to the ones operational at its Vapi main unit, but with a higher capacity. This shall help address the partial power needs of the existing units but at significantly lower power costs. The Company had also operationlised six Solar Power generation units with an aggregate capacity of about 697 KW to further supplement its power needs from alternate sources. This is expected to generate cost savings in years to come.

New R&D and Innovation facility: Your Company has approved plans to invest ₹75 crore to set up a world class R&D, scale-up and innovation complex and equipped with the state-of-the-art equipment and analytical tools. AIL presently operates three R&D centres. Two of these centres focus on R&D initiatives for Pharmaceutical APIs and the third one on speciality chemicals. The new complex would comprise an R&D centre, a scale-up facility consisting of a kilo-lab and a pilot plant, an innovation center, dedicated labs for process safety, effluent treatment, etc. It will house over 150 scientists and engineers responsible for researching and developing breakthrough innovations, as well as for commercial scale up of various Speciality Chemicals. The complex will more than double AIL's R&D capabilities and focus on development of newer and niche value-added products and process chemistries, improving product quality and process yields of existing products, forward integration for downstream products etc, with thrust on environment friendly processes. It will enable AIL to further strengthen its global presence in the end-user applications of Agrochemicals, Fuel Additives, Pharmaceuticals, Polymers, Rubber Chemicals, etc. With increased contribution from value added products the Company expects to strengthen its profitable growth momentum.

Acquiring additional land for prospective projects: Considering the various expansion projects in pipeline and also to secure sufficient land for future scaleup, your Company had in last year acquired additional land parcels admeasuring approximately 3,58,000 Sq. Meter for a total investment of ₹60 crs.

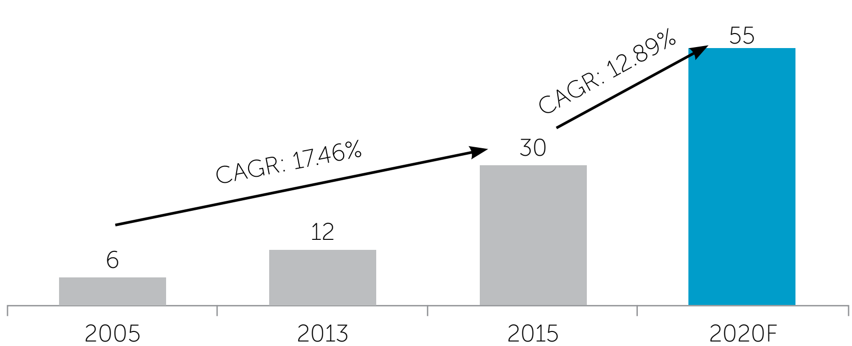
Pharmaceuticals segment

According to IBEF, the Indian pharmaceutical sector accounts for about 2.4% of the global pharmaceutical industry in value terms and 10% in volume terms. Meanwhile, India holds 20% market of global exports in generics and the generics market amounted to USD26.1 billion in 2016 from USD21 billion in 2015. In FY16, India exported pharmaceutical products worth USD16.89 billion, and is estimated to export products worth USD40 billion by 2020. The sector ranked 5th in terms of attracting FDI, garnering 5% of the total FDIs into India from April 2000 to September 2016. During April 2000 to September 2016 cumulative FDI inflows in the pharmaceutical sector amounted to USD14.49 billion

Further, the Indian pharmaceutical industry is the world's leader in Drug Master Files (DMFs) applications in the US as well as the second largest in Abbreviated New Drug Applications (ANDAs). India manufactures more than 500 different APIs and 35.7% of all DMFs from India is registered in the USA in 2015.

The Indian pharmaceuticals market represents a tremendous opportunity and is expected to expand to USD55 billion by 2020, with USD40 billion derived from exports. By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size. The structural growth story remains strong with a combination of demand-led, supply-led and policy-led drivers playing out progressively.

Revenue of Indian pharmaceutical sector (USD billion)



Growing disease incidence, improved accessibility, greater health insurance penetration, higher stress-related diseases, better diagnostic facilities and epidemiological factors warrant exponential demand. Supply-side drivers comprise cost advantage, skilled manpower and India's emergence as a major manufacturing hub for generics marked by 546 sites cleared by USFDA. Also, GOI has shown its intent at strongly supporting the sector unveiling 'PharmaVision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments and 100% FDI is allowed under automatic route. This follows the National Health Policy 2015 which focused on increasing public expenditure on healthcare segment, reduction in the approval time for new facilities, new pharmaceutical education and research institutes, exemptions to drugs manufactured through indigenous R&D from price control under NPPP 2012. The GOI permitted up to 74 per cent FDI under the automatic route in brownfield pharmaceuticals; approvals would be need for investments beyond 74 per cent.

Over the recent years, industry witnessed consolidation and rationalisation through several mergers and acquisitions, strengthening innovation. Going forward, better domestic sales growth will depend on the ability of companies to align their products towards chronic therapies for diseases like cardiovascular, anti-diabetes, anti-depressants and anti-cancers. Your Company has been progressively making inroads into Oncology drugs, which is expected to benefit over the long-term. China had been a traditional source of intermediates to various companies manufacturing APIs world over. However, tighter compliance with pollution norms, increasing and stricter regulatory processes, consolidation of various pharma companies, resulted in restricted suppliers, which impacted supply of various intermediates and ultimately Chinese prospects. This impacted India positively for manufacturing various intermediates as import substitutes. Your Company is working for various such intermediates with various companies and establishing a strategic position in the intermediates space.

Your Company is looking to address older/already off-patented generics to be supplied in regulated markets, directly and indirectly, where few/ restricted suppliers operate. Following the commissioning of expanded capacities and a range of 48 commercial APIs, with 33 EUDMFs, 28 US DMF, and more than 60% exports coming from regulated markets, your Company is well placed to increase regulated market share.

Key financials of pharmaceuticals

(₹ in Crores)

Key Financials	FY17	FY16	FY15
Sales	395	383	303
% of total sales	13.4%	13.8%	10.4%
Export	208	193	164
% of Segment Sales	52.7%	50.4%	54.1%
Segment EBIT	48	39	36
EBIT %	12.2%	10.2%	11.9%

Against the incremental 2016-17 sales of about ₹12 Crores, growth in exports sales was about 15 Crores, i.e. more than incremental growth was derived from the global markets. During Q4FY17, your Company successfully closed USFDA facility inspection at Tarapur unit initiated in Q3FY17 and received the EIR copy. AIL has been consistently increasing its share of operations and engagement with various customers in regulated market space. This along with successful closure of USFDA inspection, has resulted into consistent growth in topline, increase in exports in regulated markets and corresponding EBIT over past few years. Your Company expects to continue on the growth momentum, where increased global volumes (particularly regulated markets) will accelerate growth.

Home & Personal Care Chemicals

The Indian surfactants market amounts to USD 2.6 bn, out of the USD 30.4 bn global surfactants market. The Indian market is expected to grow 13%, driven by an increasing penetration of personal care applications even as profitability remains challenged across the medium-term. Surfactant manufacturers enjoy modest bargaining power with large raw material suppliers ; customers (FMCG giants) compete on price and squeeze suppliers (including surfactant manufacturers).

The sector faces high price competitiveness, resulting in scale, process efficiencies and specialization/niche applications being key elements for success. Specialty surfactants present a healthy opportunity over conventional surfactants, with a high growth rate and better margins.

Rising per capita incomes have fuelled the consumption of hygiene and personal care products. Higher consumption is benefitting the demand for range of cosmetic chemicals, health care products and hygiene products using performance chemicals, polymers and oleo chemicals.

The Home & Personal Care Chemicals segment is relatively a low margin business. Your Company comprises two manufacturing units - Pithampur (Madhya Pradesh) and Silvassa. This business has only about 3.5% of the overall capital employed in it. Your Company is making concerted efforts to gain larger scale and drive sustained improvement in this business. Plans are afoot to optimize on the production capabilities to suitably alter/revise the product mix, explore new markets, debottleneck some operations to expand capacities for high margin export-oriented products. These initiatives shall help increase exports and margins.

In May 2017, AIL's Board gave in-principle approval for demerger of Home & Personal Care business. The Board has directed the Company to initiate discussions with merchant bankers and other agencies to take the process forward.

Key financials of Home & Personal Care Segment:

(₹ in Crores)

Key Financials	FY17	FY16	FY15
Sales	149	132	207
% of total sales	5.1%	4.8%	7.1%
Export	21	15	34
% of Segment Sales	14.4%	11.4%	16.4%
Segment EBIT	1	-0.2	3
EBIT %	0.7%	-0.2%	1.5%

Directors' Report

To the Members of
AARTI INDUSTRIES LIMITED

Your Directors are pleased to present this Thirty Fourth Annual Report and the Audited Financial Statement for the year ended 31st March, 2017.

FINANCIAL RESULTS

(Figures in ₹ Crores)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2016-17	2015-16	2016-17	2015-16
Total Income from Operations (Gross)	3050	2934	3163	3007
EBIDTA	608	530	653	572
Depreciation & Amortization	115	93	123	98
Profit/(Loss) from Operations before Other Income, Finance Costs and Exceptional Items	493	437	531	474
Other Income/Exceptional Items	3	10	2	6
Profit/(Loss) before Finance Costs	496	447	533	480
Finance Costs	117	116	117	117
Profit/(Loss) before Tax	379	331	416	363
Tax Expenses				
a) Provision for Taxation-Current (net of MAT entitlement)	49	43	59	55
b) Provision for Deferred Tax	22	17	28	19
c) Short/(excess) Tax Provisions of earlier years	1	19	1	21
Total Tax Expenses	72	79	88	95
Share of Profit/(Loss) of Associates	-	-	-	-
Non controling Interest	-	-	(12)	(11)
Net Profit/(Loss) after consolidation	307	252	316	257
Earnings Per Share (₹)	**37.35**	**30.30**	**38.45**	**30.83**
Book Value Per Share (₹)	**159.53**	**131.26**	**173.69**	**142.75**

Note :- Result for year ended 31st March, 2017 are in compliance with the Indian Accounting Standards (Ind-AS) notified by Ministry of Corporate Affairs. Consequently result for year ended 31st March, 2016 have been restated to comply with Ind-AS to make them comparable.

DIVIDEND

Your directors are pleased to recommend a Dividend of ₹1 (@20%) per Share (Face value of ₹5/-each) for the financial year 2016-17

Your Company has transferred ₹31 Crores to General Reserve (Previous Year: ₹25.25 Crores) and ₹30 Crores to Debenture Redemption Reserve (Previous Year: ₹30 Crores) also ₹0.60 Crores has been transferred to Capital Redemption Reserve pursuant to the scheme of Buy Back.

FINANCIALS

Your Company reported Gross Total Income at ₹3,050 Crores for FY 2016-17 as against ₹2,934 Crores for FY 2015-16. Similarly the exports for the year were at ₹1,415 Crores for FY 2016-17 v/s ₹1,352 Crores for FY 2015-16.

Your Company's Earnings Before Interest Depreciation and Taxes stood at ₹611 Crores in FY 2016-17 as compared to ₹540 Crores in FY 2015-16, registering a growth of 13%. Likewise Net Profit Before Tax rose by 14% to ₹379 Crores in FY 2016-17 as compared to ₹331 Crores in FY 2015-16.

Likewise, Net Profit after Tax & Deferred Tax also grew by 21% to ₹307 Crores in FY 2016-17 as compared to ₹252 Crores in Financial Year 2015-16.

Likewise the Consolidated Total income for FY 2016-17 was at ₹3,163 Crores as compared to ₹3,007 Crores for FY 2015-16 and exports for FY 2016-17 was ₹1,523 Crores vs ₹1,431 Crores for FY 2015-16.

On a Consolidated basis, your Company's Earnings Before Interest Depreciation and Taxes stood at ₹655 Crores in FY 2016-17 as compared to ₹578 Crores in FY 2015-16, registering a growth of 13%. Similarly, Net Profit after consolidation grew by 23% to ₹316 Crores in FY 2016-17 as compared to ₹257 Crores in FY 2015-16. Likewise, Consolidated EPS surged by about 25% at ₹38.45 for FY 2016-17, as compared to ₹30.83 for FY 2015-16.

SHARE CAPITAL

The Company had on 16th December, 2016 completed Buyback of 12,00,000 (Twelve Lakhs) fully paid up Equity Shares (representing up to about 1.44% of the total number of Equity shares of the Company) from all the Equity Shareholders/ Beneficial owners of the Company who held Equity Shares as on the record date i.e. 2nd November, 2016 ("Record Date") on a proportionate basis through the tender offer using stock exchange mechanism ("Tender offer") at a price of ₹800/- (Rupees Eight Hundred Only) per Equity Share (including premium of ₹795/- per share) for an aggregate amount of ₹96 crores. The number of Equity Shares reduced from 8,33,20,383 to 8,21,20,383 post Buyback and accordingly Issued, Subscribed and Paid-up Capital reduced to ₹41,06,01,915/-.

Apart from the above, there was no changes in the Share Capital during the Financial Year under review.

CORPORATE SOCIAL RESPONSIBILITY

Our Company through, Aarti Foundation & Dhanvallabh Charitable Trust and various other NGOs has been doing work in following Segments:

- Cluster & Rural Development
- Education & Skill Development
- Childcare & Healthcare Facilities
- Women Empowerment & Livelihood Opportunities
- Disaster Relief & Rehabilitation
- Eradication of Hunger & Poverty
- Water Conservation & Environment
- Research & Development work for upliftment of Society

Rural Education, Water Conservation, Tribal Welfare, Agriculture, Animal Husbandry, Health and Hygiene, Disaster Relief and Rehabilitation, are the main areas of focus in the social welfare plans of our CSR Activities. Many of our Pilot projects had been appreciated by various NGO's and Other Corporate Houses who have also started adopting those models thereby multiplying the magnitude of the reach of these social activities for the benefit of the Society at large.

A brief note on various CSR initiatives undertaken during the year is presented earlier in this Annual report.

CSR annual report is annexed as **Annexure-A** and forms an integral part of the Report.

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

As on March 31, 2017 the Company had 3862 permanent employees at its manufacturing plants and administrative office. The Company recognizes the importance of human value and ensures that proper encouragement both moral and financial is extended to employees to motivate them.

The Company enjoyed excellent relationship with workers and staff during the year under review.

REMUNERATION AND NOMINATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy also lays down criteria for selection and appointment of Board Members.

The details of this policy are given in the Corporate Governance Report.

PERSONNEL

The statement containing particulars of employees 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 given in an Annexure and forms part of this report.

In terms of Section 136(1) of the Companies Act, 2013, the Report and the Accounts are being sent to the Members excluding the aforesaid Annexure. Any Member interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company.

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

Company has incorporate a Wholly Owned Subsidiary Company in the name of Aarti Polychem Private Limited with an initial authorized share capital of ₹ 1,00,000 (One Lakh) on 25th May, 2017. In spite of that no other material changes and commitment affecting the financial position of the company occurred between the end of the Financial Year to which this financial statements relate and the date of the report.

However, during the year under review there was a material change in the Share Capital pursuant to the Buyback of Equity shares of the Company. The details of which are mentioned under the head Share Capital of this report.

MEETINGS

The details of the number of meetings of the Board held during the Financial Year 2016-17 forms part of the Corporate Governance Report.

RISK MANAGEMENT

Risk Management Committee through its dynamic risk management framework continuously identifies, evaluates and takes appropriate measures to mitigate various elements of risks.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has clearly laid down policies, guidelines and procedures that form part of internal control systems, which provide for automatic checks and balances. 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. Your Company's internal control systems commensurate with the nature and size of its business operations. Internal Financial Controls are evaluated and Internal Auditors' Reports are regularly reviewed by the Audit Committee of the Board.

Statutory Auditors Report on Internal Financial Controls as required under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") is annexed with the Independent Auditors' Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is presented in a separate section forming part of the Annual Report.

BUSINESS RESPONSIBILITY REPORTING

Business Responsibility Reporting for the year under review, as stipulated under Regulation 34 read with SEBI Circular No CIR/CFD/CMD/10/2015 dated 4th November, 2015 is forming part of this Annual Report. As a green initiative the BR Report has been hosted on the Company's website www.aarti-industries.com

DIRECTORS' RESPONSIBILITY STATEMENT

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

a. That in the preparation of the annual financial statements for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;

c. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;

d. That Directors' have prepared the annual accounts on a going concern basis;

e. The directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

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

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the Financial Year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

All related party Transactions are presented to the Audit Committee. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of transactions.

The related party transactions policy is uploaded on the Company's website at the web-link given below :
http://aarti-industries.com/media/investors/corporate_governance/1496727334_Related_Party_Transaction_Policy.pdf

The details of Related party transactions are provided in the accompanying financial statements.

Since all related party transactions entered into by the Company were in ordinary course of business and were on an arms length's basis, Form AOC–2 is not applicable to Company.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

CORPORATE GOVERNANCE

Your Company has complied with the mandatory Corporate Governance requirements stipulated under Regulation 34(3) of the Listing Agreement. Report on Corporate Governance is annexed hereto forming part of this report.

CONSOLIDATED FINANCIAL STATEMENT

Your Directors have pleasure in presenting Consolidated Financial Statements which form part of the Annual Report and Accounts.

ANNUAL RETURN

The details forming part of the extract of Annual Return in the Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in the Report as **Annexure–B** and forms an integral part of the Report.

DEPOSITS

The Company did not have any deposits at the beginning of the year under review. The Company has neither accepted nor renewed any deposits during the year under review.

The Company does not have any deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed CS Sunil M. Dedhia (COP No. 2031), Proprietor of Sunil M. Dedhia & Co., Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as **Annexure–C** and forms an integral part of this Report.

The said report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR 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.

BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, a structured questionnaire was prepared after taking into consideration, various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

SUBSIDIARY COMPANIES

The Company has 6 (six) direct subsidiaries, namely, Aarti Corporate Services Limited, Alchemie (Europe) Limited, Innovative Envirocare Jhagadia Limited, Ganesh Polychem Limited, Aarti USA Inc., Aarti Polychem Private Limited (incorporated on 25th May, 2017) and 2 (two) indirect subsidiaries namely Shanti Intermediates Private Limited, Nascent Chemical Industries Limited both hold through Aarti Corporate Services Limited.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report.

Further a statement containing salient features of the financial statement of our Subsidiaries in the prescribed format AOC–1 is included in the Report as **Annexure-D** and forms an integral part of this Report. The statement also provides the details of performance, financial position of each of the Subsidiaries.

DIRECTORS / KEY MANAGERIAL PERSONNEL

Shri Manoj M. Chheda (DIN: 00022699)and Shri Kirit R. Mehta (DIN: 00051703), Whole time Directors of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

Your Directors also recommend approval for renewal of term of Shri Rashesh Chandrakant Gogri (DIN 00066291), Vice – Chairman and Managing Director of the Company whose present term expired on 8th June, 2017 and Shri Renil Rajendra Gorgi (DIN: 01582147), whole-time Director of the Company whose present term expires on 15th August, 2017.

Your Directors also recommend renewal of term of Shri Rajendra Vallabhaji Gogri (DIN 00061003), Chairman and Managing Director whose present term expires on 30th June, 2018.

Present Term of Shri Ramdas M. Gandhi (DIN : 00029437) and Shri Laxmichand K. Jain (DIN: 00042099) Independent Directors of the Company expires on 24th September, 2017. Notice(s) have been received from member(s) along with requisite deposits proposing their candidature for appointment as Independent Directors.

During the Year 2016-17, Smt. Hetal Gogri Gala (DIN: 00005499), Whole-time Director was re-appointed for a period of 5 (five) years w.e.f. 1st November, 2016.

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.

ENVIRONMENTAL, SAFETY AND HEALTH

Your Company is committed to ensure a sound Safety, Health and Environment (SHE) performance related to its activities, products and services. Your Company had been continuously taking various steps to develop and adopt Safer Process technologies and unit operations. Your Company has been investing heavily in areas such as Process Automation for increased safety and reduction of human error element, Enhanced level of training on Process and Behaviour based safety, adoption of safe & environmental friendly production process, Installation of Bioreactors, Chemical ROs, Multiple effect evaporator and Incinerator, etc to reduce the discharge of effluents, commissioning of Waste Heat recovery systems, and so on to ensure the Reduction, Recovery and Reuse of effluents & other utilities. Monitoring and periodic review of the designed SHE Management System are done on a continuous basis.

Some of the on going initiatives in this regard as briefed below:

Introducing Aarti Management System: An inhouse developed framework of 32 elements detailing procedures and processes catering to all Plant Related Activities - 3 elements namely MOC (to manage change), BBS (major root causes of incidents are due to behaviour) and Permit Systems catering to reduce SHE related risks had been launched and being implemented at various levels of operations. Other elements are being developed and reviewed and would be adopted in due course

Review Existing Process Safety Parameters: Structured & regular HAZOP meetings are being carried out as per scheduled HAZOP calendar to further strengthen process safety of existing processes. Also HIRA (Hazard Identification and Risk Assessment) for procedures and practices are being initiated for some of the units and would be gradually implemented across various units.

With these and various other initiatives, your Company firmly places the SHE at the top of its goals and aims to provide a workplace which is safer and healthier for the society at large.

WHISTLE BLOWER POLICY

The Company has a whistle blower policy to report genuine concerns or grievances. The Whistle Blower policy has been posted on the website of the Company and the web link thereto is http://aarti-industries.com/media/investors/corporate_governance/1494923104_Whistle_Blower_Policy_Ammended.pdf

MATERIAL SUBSIDIARY

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the Company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous Financial Year. A policy on material subsidiaries had been formulated and is available on the website of the Company and the web link thereto is http://aarti-industries.com/media/investors/corporate_governance/1494923294_Policy_for_determining_Material_Subsidiary17.6.16.pdf

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS.

The Independent Directors of the Company were familarised and the details of familiarisation programmes imparted to them are placed on the website of the Company and the web link thereto is http://aarti-industries.com/media/investors/corporate_governance/1494923569_Details_of_Familirisation_Programme.pdf

DIVIDEND DISTRIBUTION POLICY

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the top 500 listed companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted to set out the parameter and circumstances that will be taken in to account by the Board in determining the distribution of dividend to its shareholders and/ or retaining profits earned by the company. A policy is available on the website of the Company and the web link thereto is http://www.aarti-industries.com/media/investors/corporate_governance/1494923066_Dividend_Distribution_Policy.pdf

STATUTORY AUDITORS

Statutory Auditor of the Company M/s. Gokhale & Sathe, Chartered Accountants (Firm Registration. No. 103264W) holds office till the conclusion of the ensuing Annual General Meeting of the Company. They have been holding office as Statutory Auditors of the Company for a period of more than 10 years and hence are not eligible for re –appointment as per section 139(2) of Companies Act, 2013.

In view of the above, Board on the recommendation of Audit Committee appointed M/s. Kirtane & Pandit, Chartered Accountants (Firm Registration. No. 105215W/W100057) as Statutory Auditors of the Company to hold office upto conclusion of 35^{th} Annual General Meeting. At the request of the Company, M/s. Kirtane & Pandit have communicated their eligibility and willingness to accept the office, if appointed. Members are requested to appoint Auditors and to fix their remuneration as mentioned at Item No. 5 of the notice.

AUDITORS' REPORT

There is no qualification, reservation or adverse remark or disclaimer made by the Auditor in their report.

COST AUDITORS

The Cost Auditor Ms. Ketki D. Visariya (Fellowship No.16028), Cost Accountant, was re-appointed by the Company under provisions of Section 148(5) read with Section 141 of the Companies Act, 2013 and she attended the Audit Committee Meeting, where cost audit reports are discussed.

The due date for filing the Cost Audit Reports in XBRL mode for the Financial Year ended 31^{st} March, 2016 was 30^{th} September, 2016 and the Cost Audit Report were filed by the Cost Auditor on 29^{th} September, 2016. The due date for filing the Cost Audit Reports for the Financial Year ended 31^{st} March, 2017 is 30^{th} September, 2017.

The Company is seeking the ratification from the Shareholders for the Remuneration of Ms. Ketki D. Visariya, Cost Auditor of the Company for the Financial Year ending 31st March, 2018 vide resolution no. 13 of the Notice of AGM.

NUMBER OF CASES FILED, IF ANY, AND THEIR DISPOSAL UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has Zero tolerance towards any action on the part of any one which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women working with the Company. The Policy framed by the Company in this regard provides for protection against sexual harassment of women at workplace and for prevention and redressal of such compliants.

Particulars	No. of Compliants
Number of Compliants pending as on beginning of the Financial Year	NIL
Number of Compliants filed during the Financial Year	NIL
Number of Compliants pending as on the end of the Financial Year	NIL

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

Information required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, forms a part of this in **Annexure–E**.

ACKNOWLEDGEMENT

The Board of Directors places on record its sincere appreciation for the dedicated services rendered by the employees of the Company at all levels and the constructive co-operation extended by them. Your Directors would like to express their grateful appreciation for the assistance and support by all Shareholders, Government Authorities, Auditors, financial institutions, Customers, employees, suppliers, other business associates and various other stakeholders.

For and on behalf of the Board

RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

Place : Mumbai
Date: 11th August, 2017

CAUTIONARY STATEMENT

Statement in the Annual Report 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.

Annexure 'A'

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web – link to the CSR policy and projects or programs and the Composition of CSR Committee.	Refer Corporate Responsibility Section of Director's Report & Management Discussion & Analysis. The CSR policy approved by the Board of Directors has been uploaded on the Company's website. The web link is http://aarti-industries.com/media/investors/corporate_governance/1494923336_Corporate_Social_Responsibility_CSR_Policy.pdf
2	Composition of CSR committee	Shri Laxmichand K. Jain (Independent Director) Smt. Hetal Gogri Gala (Executive Director) Shri Kirit R. Mehta (Executive Director)
3	Average net profit of the Company for last three financial years	₹259.33 Crs.
4	Prescribed CSR expenditure (two percent of the amount as in item 3 above)	₹5.19 Crs.
5	Details of CSR spent during the financial year	
	Total amount to be spent for the financial year	₹5.19 Crs.
	Amount unspent, if any	Nil
	Manner in which the amount spent during the financial year	Details given below

(₹ in Crs.)

Sr. No.	Projects/Activities	Sector in which project is undertaken	Locations where project is undertaken (Local Area/ District)	Amount Outlay (Budget) Project or Programs wise	Amount Spent on the project or programs. Sub-heads 1. Direct Expenditure on Projects or Programs 2. Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
1	A. Education, Vocational Training & Skill Development	Rural Development	At various locations in the States of Gujarat, Maharashtra, Bihar, Madhya Pradesh & Union Teritorry of Silvassa	2.55	2.55	2.55	Direct & Indirect
	B. Healthcare Facilities, Grants & Institutions			2.57	2.57	2.57	
	C. Women Empowerment			0.07	0.07	0.07	
	D. Water Conservation			0.31	0.31	0.31	
	E. Hygine and Sanitation			0.30	0.30	0.30	
	F. Green Environment Project			0.24	0.24	0.24	
2	Relief & Rehabilitation	Rehabilitation of Disaster affected area	In the State of Maharashtra	0.87	0.87	0.87	Direct & Indirect
3	Community Township and Livelihood Opportunities	Eradicating Poverty and Hunger	At various locations in the States of Gujarat, Maharashtra	0.21	0.21	0.21	Direct & Indirect
4	Others	Others		0.15	0.15	0.15	Direct & Indirect
	Total			**7.27**	**7.27**	**7.27**	

Details of implementing agency :

'1. Aarti Foundation 2. Dhanvallabh Charitable Trust; 3. Divya Jeevan Sangh; 4. Sushil Trust; 5. Yusuf Meherally Centre; 6. Vichrta Samuday Samarthan Manch (VSSM); 7. Karunah Society for Development; 8. Gramin Vikas Samiti; 9. SVPKM'S NMIMS (Shri Vileparle Kelvani Mandal's Narsee Monjee Institute of Management Studies); 10. Shree Kutchi visa Oswal Jain Mahajan; 11. Navbharat Edu. Society; 12. Institute Of Chemical Technology (ICT); 13. Somaiya Vidhyavihar; 14. Shree Bharat Raichand Korshi V. O. Kelavani Fund; 15. Samast Mahajan; 16. Naam Foundation; 17. Pendharkar Navnath Kachru; 18. Vardhman Sanskar Dham; 19. B.Y.L. Nayar Charitable Hospital Mumbai; 20. Green Freedom Pvt. Ltd.; 21. Parakh Hospital & Research Centre; 22. Think Foundation; 23. Shri K. K. Shah Sabarkantha Arogya Mandal; 24. Gram Swarajya Samiti; 25. Shree K.V.O. Jain Mahajan Bhuj Jal Mandir; 26. Shree Siddhivinayak Sevabhavi Sansthan; 27. Swaminarayan Enterprises; 28. Vasundhara Social Welfare Society. 29. Andha Apang Pragati Society; 30. National Federation of Blind; 31. Child Help Foundation; 32. Tulsi Vidya Mandir; 33. Shri Samarth Educational & Research; 34. Sree Animish Bhagvan Tapo Yoga; 35. Swadhyay Mandal Pardi: 36. Swami Vivekanand Educational & Cul. Trust; 37. U. V. Patel College of Engineering; 38. Vyakti Vikas Kendra; 39. The West Aravalli Rural Developement; 40. Bahubali Children Hospital; 41 Nandkarni Medical Foundation; 42. Jankalyan Medical Society; 43. Adivasi Samaj Devastan.

6. The CSR Committee Chairman confirms that the implementation and monitoring of CSR policy is in compliance with the CSR objectives and policy of your Company.

Laxmichand K. Jain
Independent Director
(Chairman CSR Committee)

Hetal Gogri Gala
Whole-time Director
(Member CSR Committee)

Place : Mumbai
Date : 11th August, 2017

Annexure 'B'

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31st March, 2017

[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:-	L24110GJ1984PLC007301
ii)	Registration Date	28th September, 1984
iii)	Name of the Company	AARTI INDUSTRIES LTD.
iv)	Category / Sub-Category of the Company	Public Company Ltd. by Shares/Non-Govt. Company
v)	Address of the Registered office and contact details	Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase - III, Vapi, Dist. Valsad, Gujarat - 396195 Telephone:- 0260-2400059, 2400366 | Fax:- 0260-2401322 Email:- investorrelations@aarti-industries.com Website:- www.aarti-industries.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083. Tel : 022 – 4918 6000 | Fax : 022 – 4918 6060 e-mail: rnt.helpdesk@linkintime.co.in website : www.linkintime.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:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Company does not have any single product contributing 10% or more of the total turnover of the Company. Company business is divided into three segment viz. Speciality Chemicals, Pharmaceuticals and Home & Personal Care Chemicals. For segmental revenue refer note no. 17.1 of Statement of Profit & Loss account.	-	-

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	Aarti Corporate Services Ltd.	U67120MH1995PTC084963	Subsidiary	100%	2(87)
2	Innovative Envirocare Jhagada Ltd.	U24233MH2012PLC233058	Subsidiary	100%	2(87)
3	Ganesh Polychem Ltd.	U24299MH2001PLC133900	Subsidiary	50.24%	2(87)
4	Alchemie (Europe) Ltd.	3061267	Subsidiary	88.89%	2(87)
5	Aarti USA Inc.	36-4806810	Subsidiary	100%	2(87)
6	Shanti Intermediate Pvt. Ltd. (through Aarti Corporate Services Ltd.)	U24231GJ1989PTC012373	Subsidiary	100%	2(87)
7	Nascent Chemical Industries Ltd. (through Aarti Corporate Services Ltd.)	U24100MH1966PLC013490	Subsidiary	50.49%	2(87)

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

i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individual/ HUF	43707514	0	43707514	52.46	38242739	0	38242739	46.57	-5.89
b)	Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c)	State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d)	Bodies Corp.	1817447	0	1817447	2.18	5787515	0	5787515	7.05	4.87
e)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-		**45524961**	**0**	**45524691**	**54.64**	**44030254**	**0**	**44030254**	**53.62**	**-1.02**
(2)	Foreign									
a)	NRIs - Individuals	130737	0	130737	0.16	130737	0	130737	0.16	0.00
b)	Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d)	Banks /FI	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-		**130737**	**0**	**130737**	**0.16**	**130737**	**0**	**130737**	**0.16**	**0.00**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)		**45655698**	**0**	**45655698**	**54.80**	**44160991**	**0**	**44160991**	**53.78**	**-1.02**
B.	**Public Shareholding**									
1.	Institutions									
a)	Mutual Funds	10306343	0	10306343	12.37	9902863	0	9902863	12.06	-0.31
b)	Banks /FI	14337	0	14337	0.02	18929	0	18929	0.02	0.00
c)	Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d)	State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g)	FIIs	1619349	0	1619349	1.94	0	0	0	0.00	-1.94
h)	Foreign Portfolio-Corp.	1142918	0	1142918	1.37	3341918	0	3341918	4.07	2.70
i)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
j)	Other (Specify) NBFC	3029	0	3029	0.00	0	0	0	0.00	0.00
	Sub-total (B)(1):-	**13085976**	**0**	**13085976**	**15.70**	**13263710**	**0**	**13263710**	**16.15**	**0.44**
2.	Non-Institutions									
a)	Bodies Corp.									
	i) Indian	965724	5501	971225	1.17	985825	0	985825	1.20	0.03
	ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b)	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	8484850	1361092	9845942	11.82	8135677	1211171	9347388	11.38	-0.44

Category of Shareholders		No. of Shares held at the beginning of the year (As on 1st April, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	13105693	66972	13172665	15.80	11908851	66972	11975283	14.58	-1.22
c)	Others (specify)									
	(i) Non Resident Indians	236003	600	236603	0.28	357767	600	358367	0.43	0.16
	(ii) Trusts	100	0	100	0.00	64161	0	64161	0.08	0.08
	(iii) Foreign National	3286	0	3286	0.00	2869	0	2869	0.00	0.00
	(iv) Unclaimed suspense Account	348888	0	348888	0.42	343188	0	343188	0.42	0.00
	(vi) Hindu Undivided Family	0	0	0	0.00	740635	0	740635	0.90	0.90
	(vii) Clearing Member	0	0	0	0.00	877966	0	877966	1.07	1.07
Sub-total (B)(2):-		**23144544**	**1434165**	**24578709**	**29.50**	**23416939**	**1278743**	**24695682**	**30.07**	**0.57**
Total Public Shareholding (B)=(B)(1)+ (B)(2)		**36230520**	**1434165**	**37664685**	**45.20**	**36680649**	**1278743**	**37959392**	**46.22**	**1.02**
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)		81886218	1434165	83320383	100.00	80841640	1278743	82120383	100.00	0.00

Note: The Company has completed buyback of 12,00,000 Equity Shares of face value of ₹5/- each at a price of ₹800/- per share on December 16,2016. The number of Equity Shares post buy back stands reduced to 8,21,20,383 of ₹5/- each.

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2016)			Shareholding at the end of the year (As on 31st March, 2017)			% change in share holding 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	Aarnav Rashesh Gogri	109283	0.13	0.00	0	0.00	0.00	-0.13
2	Aarti Drugs Ltd.	750	0.00	0.00	0	0.00	0.00	0.00
3	Arti Rajendra Gogri	2934232	3.52	0.00	2277063	2.77	0.00	-0.75
4	Aashay Rashesh Gogri	697427	0.84	0.00	226694	0.28	0.00	-0.56
5	Bhanu Pradip Savla	130737	0.16	0.00	130737	0.16	0.00	0.00
6	Bhavna Shah Lalka	942273	1.13	0.00	942273	1.15	0.00	0.02
7	Chandrakant Vallabhaji Gogri	2494234	2.99	0.00	7404834	9.02	0.00	6.02
8	Dhanvanti Vallabhji Gogri	353354	0.42	0.00	100000	0.12	0.00	0.30
9	Dilip Tejshi Dedhia	4488	0.01	0.00	4488	0.01	0.00	0.00
10	Gogri Finserv Private Limited	264105	0.32	0.00	264105	0.32	0.00	0.00
11	Gunavanti Navin Shah	88397	0.11	0.00	86492	0.11	0.00	0.00
12	Heena Bhatia	889439	1.07	0.00	855860	1.04	0.00	-0.03
13	Hetal Gogri Gala	6056319	7.27	0.00	2977894	3.63	0.00	-3.64
14	Indira Madan Dedhia	187286	0.22	0.00	182718	0.22	0.00	0.00
15	Jaya Chandrakant Gogri	3079739	3.70	0.00	806457	0.98	0.00	-2.71
16	Manisha Rashesh Gogri	679965	0.82	0.00	221530	0.27	0.00	-0.55

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2016)			Shareholding at the end of the year (As on 31st March, 2017)			% change in share holding 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	
17	Mirik Rajendra Gogri	3716274	4.46	0.00	3679364	4.48	0.00	0.02
18	Nehal Garewal	1083834	1.30	0.00	1031136	1.26	0.00	-0.05
19	Nikhil Parimal Desai	563502	0.68	0.00	556476	0.68	0.00	0.00
20	Parimal Hasmukhlal Desai	356612	0.43	0.00	316726	0.39	0.00	-0.04
21	Parimal Hasmukhlal Desai (HUF)	63645	0.08	0.00	0	0.00	0.00	-0.08
22	Pooja Renil Gogri	400	0.00	0.00	391	0.00	0.00	0.00
23	Prasadi Hasmukhlal Desai	13200	0.02	0.00	13200	0.02	0.00	0.00
24	Rajendra Vallabhaji Gogri	3756460	4.51	0.00	3073249	3.74	0.00	-0.77
25	Rajendra Vallabhaji Gogri (HUF)	322800	0.39	0.00	315673	0.38	0.00	0.00
26	Rashesh Chandrakant Gogri	6214118	7.46	0.00	4797248	5.84	0.00	-1.62
27	Ratanben Premji Gogri	400000	0.48	0.00	400000	0.49	0.00	0.01
28	Renil Rajendra Gogri	3545594	4.26	0.00	3512073	4.28	0.00	0.02
29	Rinku Parimal Desai	239587	0.29	0.00	239587	0.29	0.00	0.00
30	Sarla Shantilal Shah	2199400	2.64	0.00	2075886	2.53	0.00	-0.11
31	Shantilal Tejshi Shah	2434087	2.92	0.00	1865294	2.27	0.00	-0.65
32	Shantilal Tejshi Shah (HUF)	166200	0.20	0.00	166200	0.20	0.00	0.00
33	Tarla Parimal Desai	115365	0.14	0.00	113933	0.14	0.00	0.00
34	Anushakti Enterprise Pvt. Ltd.	0	0.00	0.00	2492500	3.04	0.00	3.04
35	Safechem Enterprises Pvt. Ltd.	0	0.00	0.00	1470000	1.79	0.00	1.79
36	Alchemie Finserv Private Limited	264105	0.32	0.00	264105	0.32	0.00	0.00
37	Alchemie Financial Services Ltd.	673006	0.81	0.00	673006	0.82	0.00	0.01
38	Nikhil Holdings Pvt. Ltd.	380481	0.46	0.00	380481	0.46	0.00	0.01
39	Valiant Organics Pvt. Ltd.	235000	0.28	0.00	235000	0.29	0.00	0.00
40	Dilesh Roadlines Pvt. Ltd.	0	0.00	0.00	8318	0.01	0.00	0.01
	TOTAL	**45655698**	**54.80**	**0.00**	**44160991**	**53.78**	**0.00**	**-1.02**

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Aarnav Rashesh Gogri	109283	0.13	16.12.2016	-2627	Buyback	106656	0.13
				28.03.2017	-106656	Inter-se Transfer	0	0.00
2.	Aarti Drugs Limited	750	0.00	09.09.2016	-750	Market Sale	0	0.00
3.	Arti Rajendra Gogri	2934232	3.52	16.12.2016	-57169	Buyback	2877063	3.50
				27.03.2017	-600000	Inter-se Transfer	2277063	2.77
4.	Aashay Rashesh Gogri	697427	0.84	16.12.2016	-8652	Buyback	688775	0.84
				27.03.2017	-308340	Inter-se Transfer	380435	0.46
				29.03.2017	-153741	Inter-se Transfer	226694	0.28
5.	Bhanu Pradip Savla	130737	0.16	-	-	No Change	130737	0.16
6.	Bhavna Shah Lalka	942273	1.13	-	-	No Change	942273	1.15

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
7.	Chandrakant Vallabhaji Gogri	2494234	2.99	26.08.2016	-275018	Gift Given	2219216	2.66
				29.08.2016	-141996	Gift Given	2077220	2.49
				16.12.2016	-43848	Buyback	2033372	2.48
				24.03.2017	-444222	Gift Given	1589150	1.94
				27.03.2017	+5139602	Inter-se Transfer	6728752	8.19
				28.03.2017	+414996	Inter-se Transfer	7143748	8.70
				29.03.2017	+303741	Inter-se Transfer	7447489	9.07
				30.03.2017	-42655	Gift Given	7404834	9.02
8.	Dhanvanti Vallabhji Gogri	353354	0.42	16.12.2016	-8496	Buyback	344858	0.42
				29.03.2017	-94858	Gift Given	250000	0.30
				30.03.2017	-150000	Gift Given	100000	0.12
9.	Dilip Tejshi Dedhia	4488	0.01	-	-	No Change	4488	0.01
10.	Gogri Finserv Pvt. Ltd.	264105	0.32	-	-	No Change	264105	0.32
11.	Gunavanti Navin Shah	88397	0.11	06.10.2016	+1182	Market Purchase	89579	0.11
				07.10.2016	+95	Market Purchase	89674	0.11
				07.10.2016	- 3182	Market Sale	86492	0.11
12.	Heena Bhatia	889439	1.07	16.12.2016	-11578	Buyback	877861	1.07
				30.03.2017	-22001	Inter-se Transfer	855860	1.04
13.	Hetal Gogri Gala	6056319	7.27	02.09.2016	-184368	Gift Given	5871951	7.15
				16.12.2016	-130648	Buyback	5741303	6.99
				29.12.2016	-100000	Market Sale	5641303	6.87
				24.03.2017	-33140	Market Sale	5608163	6.83
				27.03.2017	-2513409	Inter-se Transfer	3094754	3.76
				27.03.2017	-16860	Market Sale	3077894	3.75
				30.03.2017	-100000	Inter-se Transfer	2977894	3.63
14.	Indira Madan Dedhia	187286	0.22	07.06.2016	-467	Market Sale	186819	0.23
				14.06.2016	-100	Market Sale	186719	0.23
				17.06.2016	-2	Market Sale	186717	0.23
				20.06.2016	-300	Market Sale	186417	0.23
				21.06.2016	-8	Market Sale	186409	0.23
				27.06.2016	-329	Market Sale	186080	0.23
				29.06.2016	-1000	Market Sale	185080	0.23
				30.06.2016	-67	Market Sale	185013	0.23
				16.12.2016	-2295	Buyback	182718	0.22
15.	Jaya Chandrakant Gogri	3079739	3.70	30.08.2016	-41347	Gift Given	3038392	3.65
				31.08.2016	-541639	Gift Given	2496753	3.00
				16.12.2016	-54065	Buyback	2442688	2.97
				27.03.2017	-1233014	Inter-se Transfer	1209674	1.47
				29.03.2017	-150000	Inter-se Transfer	1059674	1.29
				31.03.2017	-253217	Inter-se Transfer	806457	0.98
16.	Manisha Rashesh Gogri	679965	0.82	16.12.2016	-16315	Buyback	663650	0.81
				27.03.2017	-442120	Inter-se Transfer	221530	0.27

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
17.	Mirik Rajendra Gogri	3716274	4.46	16.12.2016	-86910	Buyback	3629364	4.42
				27.03.2017	+600000	Inter-se Transfer	4229364	5.15
				29.03.2017	-550000	Gift Given	3679364	4.48
18.	Nehal Garewal	1083834	1.30	16.12.2016	-13753	Buyback	1070081	1.30
				30.03.2017	-38945	Inter-se Transfer	1031136	1.26
19.	Nikhil Parimal Desai	563502	0.68	16.12.2016	-7026	Buyback	556476	0.68
20.	Parimal Hasmukhlal Desai	356612	0.43	16.12.2016	-2886	Buyback	353726	0.43
				31.03.2017	-37000	Gift Given	316726	0.39
21.	Parimal Hasmukhlal Desai (HUF)	63645	0.08	24.03.2017	-63645	Gift Given	0	0.00
22.	Pooja Renil Gogri	400	0.00	16.12.2016	-9	Buyback	391	0.00
23.	Prasadi Hasmukhlal Desai	13200	0.02	-	-	No Change	13200	0.02
24.	Rajendra Vallabhaji Gogri	3756460	4.51	16.12.2016	-83211	Buyback	3673249	4.47
				23.03.2017	-600000	Inter-se Transfer	3073249	3.74
25.	Rajendra Vallabhaji Gogri (HUF)	322800	0.39	16.12.2016	-7127	Buyback	315673	0.38
26.	Rashesh Chandrakant Gogri	6214118	7.46	01.09.2016	-276552	Gift Given	5937566	7.23
				16.12.2016	-89259	Buyback	5848307	7.12
				04.01.2017	-100000	Market Sale	5748307	7.00
				27.03.2017	-951059	Inter-se Transfer	4797248	5.84
27.	Ratanben Premji Gogri	400000	0.48	-	-	No Change	400000	0.49
28.	Renil Rajendra Gogri	3545594	4.26	16.12.2016	-83521	Buyback	3462073	4.22
				23.03.2017	+600000	Inter-se Transfer	4062073	4.95
				29.03.2017	-550000	Gift Given	3512073	4.28
29.	Rinku Parimal Desai	239587	0.29	-	-	No Change	239587	0.29
30.	Sarla Shantilal Shah	2199400	2.64	16.12.2016	-28153	Buyback	2171247	2.64
				30.03.2017	-95361	Inter-se Transfer	2075886	2.53
31.	Shantilal Tejshi Shah	2434087	2.92	16.12.2016	-22159	Buyback	2411928	2.94
				27.03.2017	-500000	Gift Given	1911928	2.32
				30.03.2017	-46634	Inter-se Transfer	1865294	2.27
32.	Shantilal Tejshi Shah (HUF)	166200	0.20	-	-	No Change	166200	0.20
33.	Tarla Parimal Desai	115365	0.14	16.12.2016	-1432	Buyback	113933	0.14
34.	Anushakti Enterprise Pvt. Ltd.	0	0.00	26.08.2016	+275018	Gift Received	275018	0.33
				29.08.2016	+141996	Gift Received	417014	0.50
				30.08.2016	+41347	Gift Received	458361	0.55
				31.08.2016	+541639	Gift Received	1000000	1.20
				01.09.2016	+276552	Gift Received	1276552	1.53
				02.09.2016	+184368	Gift Received	1460920	1.75
				24.03.2017	+507867	Gift Received	1968787	2.40
				27.03.2017	+300000	Gift Received	2268787	2.76
				29.03.2017	+104058	Gift Received	2372845	2.89
				30.03.2017	+52655	Gift Received	2425500	2.95
				31.03.2017	+67000	Gift Received	2492500	3.04

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
35.	Safechem Enterprises Pvt. Ltd.	0	0.00	27.03.2017	+200000	Gift Received	200000	0.24
				29.03.2017	+1100000	Gift Received	1300000	1.58
				30.03.2017	+150000	Gift Received	1450000	1.77
				31.03.2017	+20000	Gift Received	1470000	1.79
36.	Alchemie Finserv Pvt. Ltd.	264105	0.32	-	-	No Change	264105	0.32
37.	Alchemie Financial Services Ltd.	673006	0.81	-	-	No Change	673006	0.82
38.	Nikhil Holdings Pvt. Ltd.	380481	0.46	-	-	No Change	380481	0.46
39.	Valiant Organics Private Limited	235000	0.28	-	-	No Change	235000	0.29
40.	Dilesh Roadlines Pvt. Ltd.	0	0.00	11.05.2016	+1500	Market Purchase	1500	0.00
				12.05.2016	+1000	Market Purchase	2500	0.00
				18.05.2016	+500	Market Purchase	3000	0.00
				24.05.2016	+500	Market Purchase	3500	0.00
				02.06.2016	+500	Market Purchase	4000	0.00
				09.06.2016	+1318	Market Purchase	5318	0.01
				13.06.2016	+500	Market Purchase	5818	0.01
				17.06.2016	+1000	Market Purchase	6818	0.01
				20.06.2016	+500	Market Purchase	7318	0.01
				23.06.2016	+500	Market Purchase	7818	0.01
				28.06.2016	+500	Market Purchase	8318	0.01

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		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	HDFC Trustee Company Limited	7249703	8.70	27.05.2016	-580893	Market Sale	6668810	8.12
				10.06.2016	-30000	Market Sale	6638810	8.08
				17.06.2016	-73000	Market Sale	6565810	8.00
				22.07.2016	+50000	Market Purchase	6615810	8.06
				29.07.2016	+195750	Market Purchase	6811560	8.29
				26.08.2016	+2239	Market Purchase	6813799	8.30
				02.09.2016	+4800	Market Purchase	6818599	8.30
				30.09.2016	+2000	Market Purchase	6820599	8.31
				16.12.2016	-50506	Buyback	6770093	8.24
				17.02.2017	-23000	Market Sale	6747093	8.22
				24.02.2017	-79700	Market Sale	6667393	8.12
				10.03.2017	-400000	Market Sale	6267393	7.63

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
2.	DSP Blackrock	1572940	1.89	24.06.2016	+73000	Market Purchase	1645940	2.00
				12.08.2016	+3134	Market Purchase	1649074	2.01
				19.08.2016	+26541	Market Purchase	1675615	2.04
				07.10.2016	+141240	Market Purchase	1816855	2.21
				25.11.2016	+56687	Market Purchase	1873542	2.28
				16.12.2016	-24926	Buyback	1848616	2.25
				06.01.2017	+200000	Market Purchase	2048616	2.49
3.	Tarla Kishorekumar Shah	855758	1.04	27.01.2017	-13231	Market Sale	842527	1.03
				03.02.2017	-6769	Market Sale	835758	1.02
4.	L and T Mutual Fund Trustee Ltd	0	0.00	01.04.2016	+296859	Market Purchase	296859	0.36
				27.05.2016	+212789	Market Purchase	509648	0.62
				19.08.2016	+20073	Market Purchase	529721	0.65
				26.08.2016	-40000	Market Sale	489721	0.60
				14.10.2016	+6568	Market Purchase	496289	0.60
				21.10.2016	+107932	Market Purchase	604221	0.74
				28.10.2016	+22930	Market Purchase	627151	0.76
				25.11.2016	+33712	Market Purchase	660863	0.80
				02.12.2016	+28558	Market Purchase	689421	0.84
				16.12.2016	- 15078	Buyback	674343	0.82
				16.12.2016	+61463	Market Purchase	735806	0.90
				23.12.2016	+700	Market Purchase	736506	0.90
				03.02.2017	+37600	Market Purchase	774106	0.94
				17.02.2017	+4470	Market Purchase	778576	0.95
				24.03.2017	+30263	Market Purchase	808839	0.98
5.	Pictet Country Fund (Mauritius) Limited	809770	0.97	11.11.2016	-20971	Market Sale	788799	0.96
				02.12.2016	-51430	Market Sale	737369	0.88
				16.12.2016	-72653	Buyback	664716	0.81
				23.12.2016	-1652	Market Sale	663064	0.81
				20.01.2017	-4183	Market Sale	658881	0.80
				03.02.2017	-27938	Market Sale	630943	0.77
				10.03.2017	+20489	Market Purchase	651432	0.79
				24.03.2017	+2751	Market Purchase	654183	0.80
				31.03.2017	+9536	Market Purchase	663719	0.81
6.	Franklin Templeton Mutual Fund	775000	0.93	08.07.2016	-100000	Market Sale	675000	0.82
				15.07.2016	-74600	Market Sale	600400	0.73
				22.07.2016	-300400	Market Sale	300000	0.37
				29.07.2016	-260351	Market Sale	39649	0.05
				05.08.2016	-39649	Market Sale	0	0.00
7.	Bhanumati Mohanlal Savla	617945	0.74	20.05.2016	-599459	Market Sale	18486	0.02
				27.05.2016	+599459	Market Purchase	617945	0.75
				03.06.2016	-9000	Market Sale	608945	0.74

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				10.06.2016	+9000	Market Purchase	617945	0.75
				16.09.2016	-2568	Market Sale	615377	0.75
				23.09.2016	-4340	Market Sale	611037	0.74
				14.10.2016	-14610	Market Sale	596427	0.73
				16.12.2016	-18965	Buyback	577462	0.70
				23.12.2016	+20	Market Purchase	577482	0.70
				30.12.2016	-12731	Market Sale	464751	0.57
				06.01.2017	-7624	Market Sale	557127	0.68
8.	Ranjanben Pradip Shah	586451	0.70	-	-	Nil movement during the year	586451	0.71
9.	Mirae Asset Emerging Bluechip Fund#	383428	0.46	27.05.2016	+98747	Market Purchase	482175	0.59
				10.06.2016	+30008	Market Purchase	512183	0.62
				29.07.2016	+30000	Market Purchase	542183	0.66
				05.08.2016	+7094	Market Purchase	549277	0.67
				19.08.2016	+15000	Market Purchase	564277	0.69
				26.08.2016	+5000	Market Purchase	569277	0.69
				02.09.2016	+13740	Market Purchase	583017	0.71
				23.09.2016	+38768	Market Purchase	621785	0.76
				30.09.2016	-75565	Market Sale	546220	0.67
10.	Harsha Chandrakant Shah	545852	0.66	06.01.2017	-1014	Market Sale	544838	0.66
				13.01.2017	-3986	Market Sale	540852	0.66
11.	Kavita Harakhchand Gogri#	315000	0.38	08.07.2016	-5000	Market Sale	310000	0.38
				29.07.2016	-5000	Market Sale	305000	0.37
				12.08.2016	-5880	Market Sale	299120	0.36
				19.08.2016	-2500	Market Sale	296620	0.36
				02.09.2016	-1500	Market Sale	295120	0.36
				23.09.2016	-5000	Market Sale	290120	0.35
				02.12.2016	+194500	Market Purchase	484620	0.59
				16.12.2016	-1879	Buyback	486499	0.59
				30.12.2016	-4000	Market Sale	482499	0.59
12.	Anil L. Shah*	415029	0.49	26.08.2016	-10000	Market Sale	405029	0.49
				16.12.2016	-9738	Buyback	395291	0.48

* Ceased to be in the top 10 shareholders as on 31-03-2017. The same is reflected above since the shareholder was one of the top 10 shareholders as on 01-04-2016.

Not in the list of top 10 shareholders as on 01-04-2016. The same is reflected above since the shareholder was one of the top 10 shareholders as on 31-03-2017.

No. of Shares at the beginning of the Year - 83320383

No. of shares at the end of the Year - 82120383

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Rajendra Vallabhaji Gogri	3756460	4.51	16.12.2016	-83211	Buyback	3673249	4.47
				23.03.2017	-600000	Inter-se Transfer	3073249	3.74
2.	Rashesh Chandrakant Gogri	6214118	7.46	01.09.2016	-276552	Gift Given	5937566	7.23
				16.12.2016	-89259	Buyback	5848307	7.12
				04.01.2017	-100000	Market Sale	5748307	7.00
				27.03.2017	-951059	Inter-se Transfer	4797248	5.84
3.	Shantilal Tejshi Shah	2434087	2.92	16.12.2016	-22159	Buyback	2411928	2.94
				27.03.2017	-500000	Gift Given	1911928	2.32
				30.03.2017	-46634	Inter-se Transfer	1865294	2.27
4.	Parimal Hasmukhlal Desai	356612	0.43	16.12.2017	-2886	Buyback	353726	0.43
				31.03.2017	-37000	Gift Given	316726	0.39
5.	Manoj M. Chheda	1103437	1.32	31.03.2017	-50000	Gift Given	1053437	1.28
				31.03.2017	-90000	Market Sale	963437	1.17
6.	Hetal Gogri Gala	6056319	7.27	02.09.2016	-184368	Gift Given	5871951	7.05
				16.12.2016	-130648	Buyback	5741303	6.99
				29.12.2016	-100000	Market Sale	5641303	6.87
				24.03.2017	-33140	Market Sale	5608163	6.83
				27.03.2017	-2513409	Inter-se Transfer	3094754	3.76
				27.03.2017	-16860	Market Sale	3077894	3.75
				30.03.2017	-100000	Inter-se Transfer	2977894	3.63
7.	Kirit R. Mehta	80801	0.10	27.06.2016	-100	Market Sale	80701	0.10
				30.06.2016	-200	Market Sale	80501	0.10
				22.07.2016	-600	Market Sale	79901	0.10
				25.07.2016	-1500	Market Sale	78401	0.09
				27.07.2016	-500	Market Sale	77901	0.09
				28.07.2016	-500	Market Sale	77401	0.09
				01.08.2016	-400	Market Sale	77001	0.09
				16.08.2016	-200	Market Sale	76801	0.09
				17.08.2016	-300	Market Sale	76501	0.09
				29.08.2016	-700	Market Sale	75801	0.09
				30.08.2016	-337	Market Sale	75464	0.09
				02.09.2016	-284	Market Sale	75180	0.09
				06.09.2016	-125	Market Sale	75055	0.09
				07.09.2016	-230	Market Sale	74825	0.09
				08.09.2016	-157	Market Sale	74668	0.09
				09.09.2016	-500	Market Sale	74168	0.09
				16.09.2016	-250	Market Sale	73918	0.09
				19.09.2016	-500	Market Sale	73418	0.09
				20.09.2016	-750	Market Sale	72668	0.09
				21.09.2016	-500	Market Sale	72168	0.09
				23.09.2016	-775	Market Sale	71393	0.09

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
				26.09.2016	-750	Market Sale	70643	0.09
				29.09.2016	-25	Market Sale	70618	0.09
				03.10.2016	-500	Market Sale	70118	0.09
				04.10.2016	-750	Market Sale	69368	0.08
				05.10.2016	-1000	Market Sale	68368	0.08
				06.10.2016	-500	Market Sale	67868	0.08
				28.11.2016	-100	Market Sale	67768	0.08
				30.11.2016	-600	Market Sale	67168	0.08
				14.12.2016	-300	Market Sale	66868	0.08
				16.12.2016	-1303	Buyback	65565	0.08
				10.01.2017	-750	Market Sale	64815	0.08
				11.01.2017	-500	Market Sale	64315	0.08
				13.01.2017	-250	Market Sale	64065	0.08
				16.01.2017	-332	Market Sale	63733	0.08
				18.01.2017	-750	Market Sale	62983	0.08
				19.01.2017	-250	Market Sale	62733	0.08
				25.01.2017	-500	Market Sale	62233	0.08
				27.01.2017	-1000	Market Sale	61233	0.07
				30.01.2017	-750	Market Sale	60483	0.07
				09.02.2017	-500	Market Sale	59983	0.07
				10.02.2017	-800	Market Sale	59183	0.07
				13.02.2017	-1000	Market Sale	58183	0.07
				14.02.2017	-45	Market Sale	58138	0.07
				16.02.2017	-650	Market Sale	57488	0.07
				17.02.2017	-250	Market Sale	57238	0.07
				22.02.2017	-200	Market Sale	57038	0.07
				27.02.2017	-600	Market Sale	56438	0.07
				06.03.2017	-1000	Market Sale	55438	0.07
				07.03.2017	-1250	Market Sale	54188	0.07
				08.03.2017	-2000	Market Sale	52188	0.06
				09.03.2017	-1500	Market Sale	50688	0.06
				10.03.2017	-500	Market Sale	50188	0.06
				15.03.2017	-1500	Market Sale	48688	0.06
				16.03.2017	-500	Market Sale	48188	0.06
				17.03.2017	-250	Market Sale	47938	0.06
				20.03.2017	-1500	Market Sale	46438	0.06
				21.03.2017	-750	Market Sale	45688	0.06
				22.03.2017	-750	Market Sale	44938	0.05
				23.03.2017	-175	Market Sale	44763	0.05
				24.03.2017	-1000	Market Sale	43763	0.05
				27.03.2017	-1000	Market Sale	42763	0.05
				28.03.2017	-250	Market Sale	42513	0.05

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
8.	Renil Rajendra Gogri	3545594	4.26	16.12.2016	-83521	Buyback	3462073	4.22
				23.03.2017	+600000	Inter-se Transfer	4062073	4.95
				29.03.2017	-550000	Gift Given	3512073	4.28
9.	Ramdas M. Gandhi	10000	0.01	16.12.2016	-240	Buyback	9760	0.01
10.	Laxmichand K. Jain	18550	0.02	-	-	Nil movement during the year	Nil	Nil
11.	Vijay H. Patil	7200	0.00	-	-	Nil movement during the year	Nil	Nil
12.	K. V. S. Shyam Sunder	Nil	Nil	Nil	-	Nil movement during the year	Nil	Nil
13.	P. A. Sethi	Nil	Nil	Nil	-	Nil movement during the year	Nil	Nil
14.	Bhavesh R. Vora	Nil	Nil	Nil	-	Nil movement during the year	Nil	Nil
15.	Ganapati D. Yadav	1200	0.00	-	-	Nil movement during the year	1200	0.00
16.	Priti P. Savla	Nil	Nil	Nil	-	Nil movement during the year	Nil	Nil
17.	Chetan B. Gandhi	Nil	Nil	Nil	-	Nil movement during the year	Nil	Nil
18.	Mona N. Patel	Nil	Nil	Nil	-	Nil movement during the year	Nil	Nil

No of Shares at the beginning of the Year - 83320383

No of shares at the end of the Year - 82120383

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,258.00	17.42	-	1,275.42
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	18.61	-	-	18.61
Total (i+ii+iii)	**1,276.61**	**17.42**	**-**	**1,294.03**
Change in Indebtedness during the financial year				
Addition	198.85	71.04	-	269.89
Reduction	-	-	-	-
Net Change	**198.85**	**71.04**	**-**	**269.89**
Indebtedness at the end of the financial year				
i) Principal Amount	1,456.85	88.46	-	1,545.31
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	18.61	-	-	18.61
Total (i+ii+iii)	**1,475.46**	**88.46**	**-**	**1,563.92**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Crores)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager							Total Amount
		CMD	VC&MD	WTD	WTD	WTD	WTD	WTD	
		Rajendra V. Gogri	Rashesh C. Gogri	Parimal H. Desai	Manoj Chheda	Hetal Gogri Gala	Kirit R Mehta	Renil R. Gogri	
1.	Gross salary								
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.52	0.52	0.45	0.45	0.45	0.28	0.36	3.03
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.13	0.13	0.11	0.11	0.11	0.07	0.04	0.70
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-	-	-
4.	Commission	2.04	2.04	0.39	0.39	1.95	-	0.97	7.79
	- as % of profit								
	- others, specify...								
5.	Others, please specify								
	Total (A)	**2.69**	**2.69**	**0.95**	**0.95**	**2.51**	**0.36**	**1.37**	**11.52**
	Ceiling as per the Act	10% of net profits of the Company							

B. Remuneration to other directors:

(₹ in Crores)

Sl. no.	Particulars of Remuneration	Name of the Director								Total
1.	Independent Directors	Ramdas M. Gandhi	L. K. Jain	Vijay H. Patil	K.V.S. Shyam Sunder	P.A. Sethi	Bhavesh R. Vora	Ganapati D. Yadav	Priti Paras Savla	
	Fee for attending board / committee meetings	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.08
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-
	Total (1)	**0.01**	**0.01**	**0.01**	**0.01**	**0.01**	**0.01**	**0.00**	**0.00**	**0.08**
2	Other Non-Executive Directors	Shantilal T. Shah	-	-	-	-	-	-	-	-
	Fee for attending board / committee meetings	0.03	-	-	-	-	-	-	-	0.03
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-
	Total (2)	**0.03**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.03**
	Total Managerial Remuneration (B)=(1+2)									**0.11**
	Overall Ceiling as per the Act	1% of net profits of the Company								

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(₹ in Crores)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.09	0.19	0.28
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.05	0.10	0.15
	(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	-	-	-
5.	Others, please specify	-	-	-
	Total	**0.14**	**0.29**	**0.43**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

Place : Mumbai
Date: 11th August, 2017

Annexure 'C'
Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

(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 Industries Limited
(CIN: L24110GJ1984PLC007301)
Plot No. 801, 801/23, GIDC Estate,
Phase III, Vapi, Dist. Valsad,
Gujarat 396195

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aarti Industries 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 March 31, 2017 ('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 March 31, 2017 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 the Securities 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;

(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

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

(a) Petroleum Act, 1934, Rules, 1976

(b) Drugs and Cosmetic Act, 1940 and Rules made thereunder

(c) Fertilizer (Control) order 1985

(d) The Explosive Act 1889 – Gas Cylinder Rules 1981

(e) The Insecticides Act, 1968

(f) Narcotic Drugs and Psychotropic Substances Act, 1985

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

(h) The Chemical weapon convention Act 2000, and the Rules made thereunder

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

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

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

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

(m) Hazardous Wastes (Management , Handling and Transboundary Movement) Rules , 2008

(n) Public Liability Insurance Act 1991

(o) The States Shops and Establishments Act

(p) Maternity Benefit Act, 1961 & Rules

(q) Child Labour (P&R) Act, 1986 & Rules

(r) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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;

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 and forms an integral part of this report.

For **Sunil M. Dedhia & Co.**

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

Place: Mumbai
Date: August 11, 2017

APPENDIX

To The Members,
Aarti Industries Limited
(CIN: L24110GJ1984PLC007301)
Plot No. 801, 801/23, GIDC Estate,
Phase III, Vapi, Dist. Valsad,
Gujarat 396195

My 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 my 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 my opinion.

(3) I have not verified the correctness and appropriateness 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.**

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

Place: Mumbai
Date: August 11, 2017

Annexure 'D'

FORM AOC –1

Pursuant to first provision to sub-section (3) of section 129 read with rules of Companies (Accounts) Rules, 2014

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES AS PER COMPANIES ACT, 2013.

PART "A" : SUBSIDIARIES

(Amt in Crs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reverse & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% Of Sharholding
1	Aarti Corporate Services Ltd.	INR	2.02	6.96	15.16	6.18	7.20	1.35	0.87	0.21	0.67	-	100.00
2	Nascent Chemical Industries Ltd.	INR	0.60	10.48	16.29	5.21	-	17.56	8.23	3.41	4.82	-	50.49
3	Shanti Intermediates Pvt. Ltd.	INR	0.07	-	4.57	4.51	0.01	5.42	-0.70	0.01	-0.69	-	100.00
4	Innovative Envirocare Jhagadia Ltd.	INR	0.35	-0.05	30.00	-	-	-	-	-	-	-	100.00
5	Ganesh Polychem Ltd.	INR	6.17	109.45	222.91	107.29	-	149.83	31.26	12.40	18.86	-	50.24
6	Alchemie (Europe) Ltd.	GBP	0.01	-	0.53	0.52	-	0.82	-	-	-	-	88.89
		INR	0.73	0.11	43.02	42.18	-	66.05	-0.10	-	-0.10		
7	Aarti USA INC.	USD	0.01	-0.01	0.05	0.05	-	0.07	-0.01	-	-0.01		100.00
		INR	0.65	-0.86	3.17	3.38	-	4.29	-0.76	-	-0.76		

The Financial Statement of Alchemie (Europe) Limited and Aarti USA INC Whose reporting currency is other than INR are converted into Indian Rupees on the basis of appropriate exchange rate as per the applicable Accounting Standard. As at 31st March, 2017 GBP 1 = INR 81.00 and USD 1 = INR 64.85.

FOR AND ON BEHALF OF THE BOARD

RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

RASHESH C. GOGRI
VICE CHAIRMAN AND MANAGING DIRECTOR

SHANTILAL T. SHAH
VICE CHAIRMAN

PLACE: Mumbai
DATE: 11th August, 2017

CHETAN GANDHI
CHIEF FINANCIAL OFFICER

MONA PATEL
COMPANY SECRETARY

Annexure 'E'
DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) CONSERVATION OF ENERGY-

(i) The Steps Taken or Impact on Conservation of Energy;

- The Company had been operating various captive and co-generation Power plants. This results into significant savings in the consumption of natural resources/fuel and also reduces the cost of Energy substantially.
- Your Company had commissioned further captive Co-generation Power Plants at Jhagadia, Vapi (another site) and Kutch unit, thereby increasing the thermal efficiency and reducing the coal consumption per unit.
- Your Company had also commissioned Solar Power Plant of 697 KW capacity as its endeavour to use renewable energy to the extent possible.
- Energy audit had been conducted at regular intervals and recommendations were being implemented.
- Low Pressure Steam Generation/Extraction from Process areas to recover heat and use for Low Pressure Applications

ii) Additional Investments & Proposals, if any, being implemented for Reduction of Consumption of Energy:

- Implementation of Clean Development Mechanism Project, would lead to higher recovery of Heat and thus, resulting into reduction of emission of green House gases.
- Ongoing Upgradation of Batch Nitration units into Continuous Nitration units would help in overall optimization of utilities thereby resulting into reduction in energy consumption.
- Upgradation of various other processes, wherever feasible, considering optimisation of utilities, thereby resulting the reduction in energy consumption.

iii) The Capital Investment On Environment & Greenfield Projects.

Your Company has invested about ₹63.89 Crs during FY 2016-17 into Environment & Greenfield Projects.

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts made towards Technology Absorption, Adaptation and Innovation:

- Forward Integration for downstream products and expansion also with in-house technology.
- Continuous endeavour to improve product quality and process yields.

b) Benefits derived as a result of above efforts:

- Lower project costs for expansion
- Value addition
- Exports of higher value–added products resulting in increased foreign exchange earning.

c) Information regarding technology imported during the last 3 years: NIL

d) Expenditure incurred on research and development :

(₹ in Crores)

		2016-17	2015-16
a)	Revenue	11.38	10.36
b)	Capital	10.25	5.65
	Total	**21.63**	**16.01**

(C) TOTAL FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange Earnings and outgo were ₹1,414.76 Crores and ₹555.84 Crores respectively (previous year ₹1,352.39 Crores and ₹379.58 Crores respectively).

For and on behalf of the Board

RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

Place : Mumbai
Date: 11th August, 2017

Report on Corporate Governance

Your Company has complied in all respects with the applicable Corporate Governance Code as per Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") [read with Part C of Schedule V]. A Report on the Corporate Governance compliance is furnished below:

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company is committed to the adoption and adherence to Corporate Governance Practices, which shall ensure that all the concerned parties associated with the Company obtain requisite information which would help them to make informed decision. Such Corporate Governance Practices help enhancement of long-term shareholders value and interest of other Stakeholders.

The Board fully appreciates the need of increased awareness for responsibility, transparency and professionalism and focus for effective control and management of the Organisation. The Company has adequate number of Independent Directors and also has formed various Committees for overview of the Organisation.

II. MANDATORY REQUIREMENTS:

(1) BOARD OF DIRECTORS

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

Aarti Industries Limited (AIL) Board presently consists of 16 (Sixteen) Directors of whom 7 (Seven) are Executive, 1 (One) is Non-Executive and 8 (Eight) are Independent Non-Executive Directors except Managing Directors and Independent Directors, the other Directors are liable to retire by rotation.

Name of Directors	Category	No. of other Directorship*	No. of Committee Membership in other Companies** (excluding Aarti Industries Limited)		No. of Board Meetings Attended	Attendance at last AGM
			Chairman	Member		
Shri Rajendra V. Gogri	Promoter /Chairman and M.D.	1	1	None	5	Yes
Shri Rashesh C. Gogri	Vice-chairman and M.D.	2	None	2	5	Yes
Shri Shantilal T. Shah	Promoter/Vice-chairman, Non-executive	3	None	None	5	Yes
Shri Parimal H. Desai	Promoter/Executive	1	None	None	5	Yes
Shri Manoj M. Chheda	Executive	1	None	None	5	Yes
Smt. Hetal Gogri Gala***	Executive	None	None	None	5	Yes
Shri Kirit R. Mehta	Executive	3	None	None	5	Yes
Shri Renil R. Gogri	Executive	None	None	None	5	Yes
Shri Ramdas M. Gandhi	Independent Non-executive	3	3	2	5	Yes
Shri Laxmichand K. Jain	Independent Non-executive	None	None	None	5	No
Shri Vijay H. Patil	Independent Non-executive	None	None	None	4	No
Shri P. A. Sethi	Independent Non-executive	1	None	1	5	Yes
Shri K.V.S. Shyam Sunder	Independent Non-executive	2	1	1	4	Yes
Shri Bhavesh R. Vora	Independent Non-executive	1	None	2	5	Yes

Name of Directors	Category	No. of other Directorship*	No. of Committee Membership in other Companies** (excluding Aarti Industries Limited)		No. of Board Meetings Attended	Attendance at last AGM
			Chairman	Member		
Prof. Ganapati D. Yadav	Independent Non-executive	None	None	None	2	No
Smt. Priti P. Savla	Independent Non-executive	1	None	None	5	Yes

* This excludes Directorships held in Private Limited, Overseas Companies and Companies under Section 8 of the Companies Act, 2013.

** Includes Audit Committee and the Stakeholders' Relationship Committee only.

*** Hetal Gogri Gala have been reappointed as Whole-Time Directors w.e.f. 1st November, 2016

(b) Disclosure of Relationships between the Directors inter-se

- Shri Rashesh C. Gogri is brother of Smt. Hetal Gogri Gala;
- Shri Rajendra V. Gogri is father of Shri Renil R. Gogri.

(c) Board Meetings:

During the Year 2016-17, 5 (Five) Board Meetings were held on 06.05.2016, 10.08.2016, 17.10.2016, 11.11.2016 and 06.02.2017.

(d) Code of Conduct:

Aarti Industries 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.aarti-industries.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, 2017. A declaration to this effect, duly signed by the Managing Director (CEO) is annexed hereto.

(2) INDEPENDENT DIRECTORS:

(a) Separate Meeting of Independent Directors:

During the year under review, the Independent Directors met on 30th March 2017 inter-alia:

- To review the performance of all the Non-independent Directors and the Board of Directors as a whole;
- To review the performance of the Chairperson taking into account the views of Executive Directors and Non-Executive Directors;
- To assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board of Directors to effectively and reasonably perform their duties.

All Independent Directors were present at the Meeting.

(b) Familiarisation Programme:

Details of familiarisation programmes imparted to independent Directors are disclosed on the Company's website www.aarti-industries.com and the web link thereto is http://www.aarti-industries.com/media/investors/corporate_governance/1494923569_Details_of_Familirisation_Programme.pdf

(3) AUDIT COMMITTEE:

The Audit Committee has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of listing Regulations. The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee under Regulation 18 of the Listing Regulations which, inter-alia, include overseeing financial reporting process, reviewing periodic financial results, financial statements, internal control and internal audit systems, accounting policies and practices, related party transactions, performance of Internal and Statutory Auditors, adequacy of Internal Audit function, discussions with Internal and Statutory Auditors and Cost Auditors.

(i) Terms of Reference

The Audit Committee inter-alia performs the functions of approving Annual Internal Audit Plan, review of financial reporting system, internal control system, discussion on financial results, interaction with statutory and Internal Auditors, recommendation for appointment of Statutory and Cost Auditors and their remuneration, recommendation of the appointment and remuneration of Internal Auditors, review of Business Risk Management Plan, Management Discussions and Analysis, Review of Internal Audit Reports, approval, review of related party transactions and scrutiny of inter corporate loans and investments. In fulfilling the above role Audit committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

(ii) During the year 2016-17, 4 (Four) Audit Committee Meetings were held on 04.05.2016, 10.08.2016, 11.11.2016 and 04.02.2017.

(iii) The composition of the Audit Committee and other relevant details are given below:

Name of Directors	Category	Profession	No. of meetings attended
Shri Ramdas M. Gandhi (Chairman of the Committee)	Independent, Non-executive	Solicitor	4
Shri Rajendra V. Gogri	Promoter/Chairman & Managing Director, Executive	Industrialist	4
Shri Parimal H. Desai	Promoter/Executive	Industrialist	3
Shri Laxmichand K. Jain	Independent, Non-executive	Environmental Consultant	4
Shri Vijay H. Patil	Independent, Non-executive	Advocate	3
Shri P. A. Sethi	Independent, Non-executive	Banker	4
Shri K.V.S. Shyam Sunder	Independent, Non-executive	Chartered Accountant	4
Shri Bhavesh R. Vora	Independent, Non-executive	Chartered Accountant	4
Shri Rashesh C. Gogri	Vice Chairman & Managing Director, Executive	Industrialist	4

Vice-presidents and General Managers from various divisions of the Company, as and when required and Internal Auditors, Cost Auditors, Statutory Auditors, CFO of the Company and Company Secretary who acts as Secretary to the Audit Committee attended the Audit Committee Meetings to respond to queries raised at the Committee Meetings.

(4) NOMINATION AND REMUNERATION COMMITTEE

(i) Brief description of terms of reference:

The broad terms of reference of the Nomination and Remuneration Committee are as under:

a. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

b. To formulate the criteria for evaluation of Independent Directors and the Board;

c. To devise a policy on Board diversity;

d. 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;

(ii) During the year 2016-17, 2 (two) meeting of the Nomination & Remuneration Committee was held on 11.04.2016 and 30.01.2017.

(iii) The composition of the Nomination and Remuneration Committee and other relevant details are given below:

Name of the Directors	Category	No. of meetings attended
Shri Laxmichand K. Jain (Chairman of the Committee)	Independent, Non-executive	2
Shri Rajendra V. Gogri	Promoter/Chairman & Managing Director, Executive	2
Shri Ramdas M. Gandhi	Independent, Non-executive	2
Shri Vijay H. Patil	Independent, Non-executive	2

(iv) Performance evaluation criteria for Independent Directors

The criteria for performance evaluation covers area relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by entire Board of Directors and in evaluation, the Directors who are subject to evaluation had not participated.

(v) Policy on Nomination and Remuneration:

Criteria and Qualification for Nomination & Appointment

A person to be appointed as Director, KMP or at Senior Management level should possess adequate and relevant qualification, expertise and experience for the position that he/she is being considered for.

Policy on Remuneration

The Company's Remuneration policy considers human resources as its invaluable assets, to pay equitable remuneration to all directors, key managerial personnel and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company.

The Remuneration policy for all the employees are designed in a way to attract talented executives and remunerate them fairly and responsibly, this being a continuous ongoing exercise at each level in the organization.

Whole-time Directors

The Company remunerates its Whole-time Director's by way of salary, perquisites and allowances and variable commission based on performance of the Company. Remuneration is paid within the limits recommended by the Nomination & Remuneration Committee and the Board and as approved by the shareholders within the stipulated limits of the Companies Act, 2013 and the Rules made thereunder. The remuneration paid to the Whole-time Director is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance.

Non-executive Directors

Non-executive Directors are presently receiving sitting fees (including reimbursement of expenses) for attending the meeting of the Board and its Committees as per the provisions of the Companies Act, 2013 and the rules made thereunder.

Key Managerial Personnel and other senior employees

The remuneration of KMP and other employees largely consists of basic salary, perquisites, allowances and performance incentives (wherever paid). Perquisites and retirement benefits are paid according to the Company policy. The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience/merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry and its peer group.

(vi) 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. Non-executive Directors are paid sitting fees at the rate of ₹12,000/- for each of the meetings of the Board or Audit Committee thereof attended by them and ₹4,000/- each for other Committee(s). The details of remuneration paid to each Director for the year 31st March, 2017 are as under:

(₹ in Crores)

Name of Director(s)	Salary and other Perquisites	Commission	Sitting Fees	Total Remuneration
Shri Rajendra V. Gogri	0.65	2.04	-	2.69
Shri Shantilal T. Shah	-	-	0.03	0.03
Shri Rashesh C. Gogri	0.65	2.04	-	2.69
Shri Parimal H. Desai	0.56	0.39	-	0.95
Shri Manoj M. Chheda	0.56	0.39	-	0.95
Shri Kirit R. Mehta	0.36	-	-	0.36
Smt. Hetal Gogri Gala	0.56	1.95	-	2.51
Shri Renil R. Gogri	0.40	0.97	-	1.37
Shri Laxmichand K. Jain	-	-	0.01	0.01
Shri Ramdas M. Gandhi	-	-	0.01	0.01
Shri Vijay H. Patil	-	-	0.01	0.01
Shri P. A. Sethi	-	-	0.01	0.01
Shri K.V.S. Shyam Sunder	-	-	0.01	0.01
Shri Bhavesh R. Vora	-	-	0.01	0.01
Prof. Ganapati D. Yadav	-	-	0.00	0.00
Smt. Priti P. Savla	-	-	0.00	0.00

Notes:

(a) The above figures do not include contribution to Group Gratuity Fund, Group Mediclaim & Group Personal Accident, as separate figures are not available for the Directors.

(b) All Executive Directors are appointed under contracts each for a period of five years and with termination notice period of 180 days.

(c) The above figures do not include contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income-Tax law.

Shares held by Non-executive Directors in the Company as on 31st March, 2017

Name	Number of Shares held	% of Total Shareholding
Shri Shantilal T. Shah	1865294	2.27
Shri Ramdas M. Gandhi	9760	0.01
Shri Laxmichand K. Jain	18550	0.02
Shri Vijay H. Patil	7200	0.00
Shri P. A. Sethi	Nil	Nil
Shri K.V.S. Shyam Sunder	Nil	Nil
Shri Bhavesh R. Vora	Nil	Nil
Prof. Ganapati D. Yadav	1200	0.00
Smt. Priti P. Savla	Nil	Nil

(5) STAKEHOLDERS ' RELATIONSHIP COMMITTEE :

(i) Terms of Reference

Brief Terms of Reference of the Committee inter-alia cover reviewing status of approval of transfer/transmission of shares, issue of duplicate certificates, non-receipt of annual report, non-receipt of declared dividends and specifically review/ redressal of Investors' Grievances.

(ii) During the year 2016-17, 3 (Three) Stakeholders' Relationship Committee Meetings were held on 10.06.2016, 26.09.2016 and 30.03.2017

(iii) The composition of the Stakeholders' Relationship Committee and other relevant details are given below:

Name of the Directors	Category	No. of meetings attended
Shri Shantilal T. Shah (Chairman of the Committee)	Promoter/Vice-Chairman,Non-executive	3
Shri Rajendra V. Gogri	Promoter/Chairman & M.D., Executive	3
Shri Manoj M. Chheda	Executive	3
Shri Kirit R. Mehta	Executive	3

(iv) CS Mona Patel, Company Secretary is designated as the "Compliance Officer" who oversees the redressal of the investors' grievances.

(v) Shareholders' Compliants

During the year, 5 (Five) Compliants were received through SCORE portal of SEBI. All the Compliants were resolved to the satisfaction of the Shareholders. No request for Share Transfer or Dematerialisation was pending for approval as on 31st March, 2017.

(6) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

(i) Terms of Reference

(a) 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 Companies Act, 2013;

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

(c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

(ii) During the year 2016-17, 1 (One) Corporate Social Responsibility Committee Meetings were held on 11.04.2016.

(iii) Composition of CSR Committee

The composition of the Corporate Social Responsibility Committee and other relevant details are given below:

Name of the Directors	Category	No. of meetings attended
Shri Laxmichand K. Jain (Chairman of the Committee)	Independent, Non-executive	1
Smt. Hetal Gogri Gala	Executive	1
Shri Kirit R. Mehta	Executive	1

(7) GENERAL BODY MEETINGS:

(i) Details of last three Annual General Meetings are as under:

Financial Year	Day, Date & Time	Venue	Special Resolutions passed for
2013-2014	Wednesday, 24.09.2014, 10.30 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.	• Special Resolution under Section 180(1)(c) of the Companies Act, 2013 to consent for borrowing funds upto ₹2,000 crores.
			• Special Resolution to approve and ratify the issue of Non-Convertible Debentures on Private placement upto ₹300 crores.
			• Special Resolution to adopt new set of Articles of Association of the Company.
2014-2015	Thursday, 24.09.2015, 11.30 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.	•Special Resolution under Section 180(1)(c) of the Companies Act, 2013 to consent for borrowing funds upto ₹2,500 crores.
			• Special Resolution to approve the issue of Non-Convertible Debentures on Private placement upto ₹300 crores.
2015-2016	Friday, 30.09.2016, 11.00 a.m.	Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.	• Special Resolution under Section 42 and 71 of Companies Act, 2013 to consent for issuing Secured/Unsecured Redeemable Non-Convertible Debentures on private placement basis, aggregating upto ₹300 Crores.

(ii) During the year under review no special resolution has been passed through the exercise of Postal Ballot.

(iii) No special resolution is proposed to be conducted through Postal Ballot at the forthcoming AGM.

(8) DISCLOSURES

(i) During the year, there were no material related party transactions i.e. transactions of the Company of a material nature with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company at large. All related party transactions are mentioned in the notes to the accounts.

As required under Regulation 23(1) of listing Regulations, the Company has formulated a policy on dealing with related party transactions. The said policy is also available on the website of the Company. The weblink thereto is http://www.aarti-industries.com/media/investors/corporate_governance/1496727334_Related_Party_Transaction_Policy.pdf

(ii) There was **No Non-Compliance** by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI), or any statutory authority on any matter related to the capital markets during the last three years.

(iii) Pursuant to Section 177(9) and (10) of the Companies Act, 2013, Regulation 22 of Listing Regulations, 2015 the Company has formulated Whistle Blower Policy for Vigil Mechanism for Directors and Employees to report to the Management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the person has been denied access to the Audit Committee.

(iv) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.

(v) The Company has complied with all the mandatory requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct to Regulate, monitor and Report trading by insiders.

(vii) The policy for determining material subsidiary is disclosed on the website of the Company and weblink thereto is http://www.aarti-industries.com/media/investors/corporate_governance/1494923294_Policy_for_determining_Material_Subsidiary17.6.16.pdf

(9) MEANS OF COMMUNICATION

Quarterly and annual financial results are published in Financial Express (English) edition and (Gujarati) edition published from Ahmedabad.

These results and official news releases are also available on the website of the Company (www.aarti-industries.com). All data required to be filed electronically or otherwise pursuant to the Listing Regulation 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, NSE (www.nseindia.com) and BSE Ltd. (www.bseindia.com) and available on their websites as well.

Detailed presentations are made to institutional investors and financial analysts on the Company's audited quarterly as well as audited annual financial results. These presentations/ Con-call transcript are also uploaded on the Company's website (www.aarti-industries.com).

(10) COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

During the year 2017, 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. 33 to the Annual Accounts.

(11) General Shareholders Information

(i) The day, date, time & venue of the 34th Annual General Meeting:

Day	Date	Time	Venue
Wednesday	27th September, 2017	11.00 a.m.	Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi 396195, Dist. Valsad, Gujarat.

(ii) Tentative Financial Calendar:

Financial Year	1st April to 31st March
Adoption of Quarterly Results for the quarter ending :	
June, 2017	1st/2nd week of August, 2017
September, 2017	1st/2nd week of November, 2017
December, 2017	1st/2nd week of February, 2018
March, 2018	1st/2nd/3rd week of May, 2018.

(iii) Listing on Stock Exchanges:

Stock Exchange	Stock Code/Symbol
National Stock Exchange of India Limited Address: Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	AARTIIND
BSE Ltd. Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001	524208

(iv) Dates of Book Closure (Both days inclusive)

20th September, 2017 to 27th September, 2017

(v) Date of Payment of Dividend

29th September, 2017

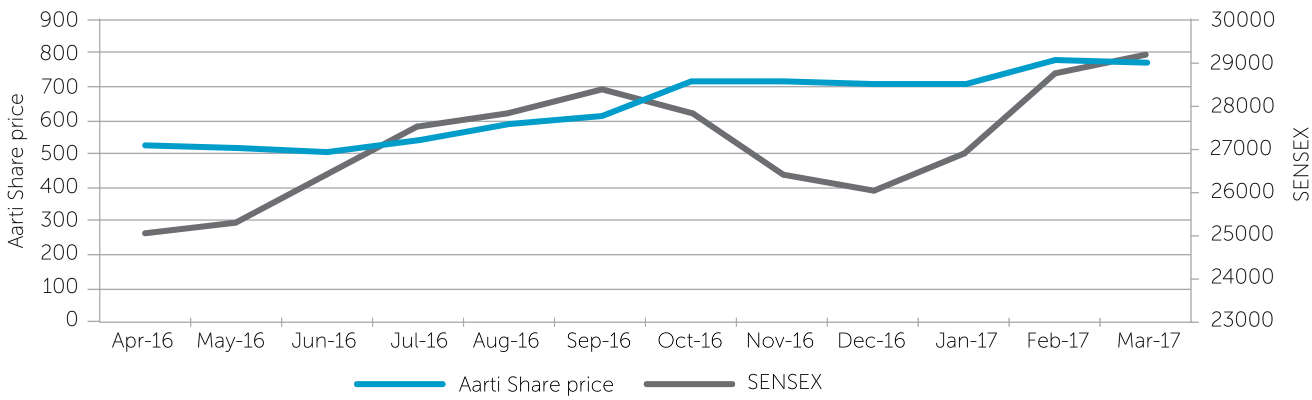
(vi) Listing fees and Annual Custodial Fee:

The Company has paid the Annual Listing Fees to the Stock Exchanges and Annual Custodial Fee to NSDL and CDSL for the year 2017-2018.

(vii) Market Price Data: High, Low during each month in last financial year:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April 2016	553.95	500.05	75091	554.50	498.55	383662
May 2016	554.00	496.10	101340	554.30	496.00	1157351
June 2016	537.10	480.10	58461	539.70	481.05	477560
July 2016	570.00	520.00	121243	568.95	520.00	1541097
August 2016	635.40	534.50	223468	635.00	531.60	1441835
September 2016	634.40	580.60	178998	633.00	578.05	935823
October 2016	765.00	625.00	288504	764.00	621.55	1368688
November 2016	759.00	640.00	115058	758.90	653.00	742218
December 2016	730.55	672.00	114052	734.70	672.10	594808
January 2017	730.55	675.00	66904	729.85	672.65	536477
February 2017	800.00	718.50	99822	817.60	711.30	543202
March 2017	809.00	720.00	1595439	805.00	653.30	8269037

(viii) Performance in comparison to broad-based indices BSE Sensex:



(ix) Registrar and Transfer Agents:

M/s. Link Intime India Private Limited
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400 083
Tel No: +91 22 49186000
Fax: +91 22 49186060
e-mail : rnt.helpdesk@linkintime.co.in
website : www.linkintime.co.in

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

(x) Debt Securities – Debenture Trustee

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai-400 001
Ph:- +91 (22) 4080 7001
Fax: +91 (22) 6631 7776
e-mail: itsl@idbitrustee.com
website: http://www.idbitrustee.com

(xi) Share Transfer System:

Share Transfer Committee comprising of Shri Rajendra V. Gogri, Shri Shantilal T. Shah, Shri Rashesh C. Gogri and Smt. Hetal Gorgri Gala meets weekly for approval of the transfer, dematerialisation, etc. Reports on Share Transfer/Transmission are placed before the Stakeholders' Relationship Committee and the Board from time to time.

(xii) Shareholding Pattern as on 31st March, 2017

Category	No. of Shares	%
Promoters – Indian	44030254	53.62
Promoters – Foreign	130737	0.16
Bodies Corporate	1329013	1.62
Banks, Financial Institutions	18929	0.02
Mutual Funds	9902863	12.06
FII/NRI/OCB	3703154	4.51
Public	23005433	28.01
Total	**82120383**	**100.00**

(xiii) Distribution of Shareholding as on 31st March, 2017

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-500	16405	75.6723	1862076	2.2675
501-1000	2340	10.7939	1674046	2.0385
1001-2000	1747	8.0585	2329634	2.8369
2001-3000	316	1.4576	803920	0.9790
3001-4000	160	0.7380	561667	0.6840
4001-5000	106	0.4890	493257	0.6007
5001-10000	235	1.0840	1655563	2.0160
Above 10000	370	1.7067	72740220	88.5775
Total	**21679**	**100.00**	**82120383**	**100.00**

(xiv) Dematerialization of shares and liquidity:

Equity Shares of the Company are traded compulsorily in Dematerialised Form and available for trading in the Depository Systems of both NSDL and CDSL. Security Code No. with NSDL and CDSL is – ISIN No. INE-769A01020. As on 31st March, 2017, 80841640 Equity Shares representing 98.44% of the Paid-up Share Capital of the Company are held in dematerialised form.

(xv) 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.

(xvi) ADRs/GDRs/Warrants

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

(xvii) Plant Locations

(a) Plot Nos. 801, 801/15 to 19, 21, 22 & 23, 802, 803, 804/1-2-3, 806 & 807, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.

(b) Plot No. 902 & 923, GIDC Estate, Phase II, Vapi – 396 195, Dist. Valsad, Gujarat.

(c) Plot No. 286/1, 285, GIDC Estate, Phase II, Vapi – 396 195, Dist. Valsad, Gujarat.

(d) Plot No. 22/C/1 & 2, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat.

(e) Plot Nos. 750-751, 2701, 2703 Sarigam Industrial Area, Sarigam, Tal. Umargaon, Dist. Valsad, Gujarat.

(f) Plot Nos. 758/1-2-3, 756/2 A&B, 756/3 A&B, 756/4 A&B, 756/5 A&B, 756/6 A&B, 756/7, 778, 779, Jhagadia Mega Estate, Village Kapalsadi, Tal. Jhagadia, Dist. Bharuch – Gujarat.

(g) Survey No. 126, 135 & 136, Jhagadia Dist. Bharuch, Gujarat.

(h) Survey No. 1430/1, NH-8, Bhachau, Kutch, Gujarat.

(i) Plot No. D-18, MIDC, Tarapur, Dist. Thane, Maharashtra.

(j) Plot No. E-50, MIDC, Tarapur, Dist. Thane, Maharashtra.

(k) Plot No. K - 17/18/19, MIDC, Tarapur, Dist. Thane, Maharashtra.

(l) Plot No. L – 5, L – 8 & L – 9/1 and L – 10, MIDC, Tarapur, Dist. Thane, Maharashtra.

(m) Plot No. K – 65, K – 67, MIDC, Tarapur, Dist. Thane, Maharashtra.

(n) Survey No. 193/1/4, 193/1/5, 193/1/6, Silvassa, Union Territory of Silvassa.

(o) Plot No. D – 54, 55, 56, 60 MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra.

(p) Plot Nos. 62, 63 & 64, Sagore, Pithampur Industrial Area, Sector-3, Pithampur, Dist. Dhar, Madhya Pradesh.

(q) Plot No. Z/103/H, Dahej SEZ II, Tal. Vagara, Dist. Bharuch, Gujarat.

(xviii) Address for Correspondence

(a) **Corporate Office:** 71, Udyog Kshetra, 2nd Floor, Mulund–Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai–400080.

(b) **Registered Office:** Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat.

(xix) R & D Centers

(a) Plot No. 801, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.

(b) Plot Nos. D54, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra.

(c) Plot No. 22/C/1, GIDC, Phase I, Vapi - 396195, Dist. Valsad, Gujarat

(xx) Compliance Officer:

CS Mona Patel, Company Secretary
222, Udyog Kshetra, 2nd Floor, Mulund–Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai-400 080.

In accordance with the Listing Regulations Company has specific Investor Grievance e-mail **ID-investorrelations@aarti-industries.com**

(xxi) Details with respect to Demat Suspense Account/Unclaimed Suspense Account as per Regulation 34(3) of Listing 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 1st April, 2016	540	348888	-	-
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	12	5700	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year.	12	5700	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2017	528	343188	-	-

The voting rights on the shares outstanding in the suspense accounts as on 31st March, 2017 shall remain frozen till rightful owner of such shares claim the shares.

(xxii) CEO /CFO Certification

As required under Regulations 17(8) and 33(2)(a) of Securities and Exchange Board of India Listing Regulations Certificates duly signed by Shri Rajendra V. Gogri, CEO and Shri Chetan B. Gandhi, CFO were placed at the Meeting of the Board of Directors held on 19th May, 2017.

III. DISCRETIONARY REQUIREMENTS

The status of compliance with discretionary requirements of Part E of schedule II of Listing Regulations with Stock Exchanges is provided below:

Sr. No.	Particulars	Remarks
1.	Non-executive Chairman's Office	The Company does not have Non-executive Chairman.
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 2016-17 is unmodified.
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 Chairman & Managing Director and has direct access to the Audit Committee.

For and on Behalf of the Board

Place: Mumbai
Date: 19th May, 2017

RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

CEO's Certification

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

Place: Mumbai
Date: 19th May, 2017

RAJENDRA V. GOGRI
CHAIRMAN AND MANAGING DIRECTOR

Auditor's Certificate on Corporate Governance

To the Members of
Aarti Industries Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by Aarti Industries Ltd. for the year ended on 31st March, 2017, 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.

The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company. 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.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, 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 Regulations.

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

CA TEJAS J. PARIKH
Partner
M. No. 123215

Place: Mumbai
Date: 19th May, 2017

Financial Statements

Independent Auditor's Report

To the Members of
Aarti Industries Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of AARTI INDUSTRIES LIMITED ("the company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash flow statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and the changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the relevant rules issued thereunder.

This responsibility 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS 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 on these Standalone Ind AS financial statements based on our 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 there under.

We conducted our audit of the Standalone Ind AS financial statements 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 Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity 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 ("the Order") 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 paragraphs 3 and 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 (including other Comprehensive Income), Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the relevant rules issued thereunder,

   e) On the basis of the written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 to our separate report in "Annexure B".

   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, 2017 on its financial position in its Standalone Ind AS financial statements. Refer Note 25 to the Standalone Ind AS financial statements;

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

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

      iv. The Company has provided requisite disclosures in the Standalone Ind AS financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and further these are in accordance with books of accounts maintained by the Company and as produced to us by the management. Refer Note 6 to the Standalone Ind AS financial statements.

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

CA TEJAS. J. PARIKH
PARTNER
Membership No: 123215

Place: Mumbai
Date: 19th May, 2017

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

In the Annexure, as required by the Companies (Auditors Report) Order 2016 issued by the Central Government in terms of Section 143 (11) of the Companies Act 2013 and on the basis of the 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 is generally maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(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 property (buildings) are held in the name of the Company.

(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 unsecured loan to its one wholly owned subsidiary covered in the register maintained under section 189 of the Companies Act.

a) In our opinion, terms and conditions of such loan was not prejudicial to the interest of the Company.

b) The schedule of principal amount and interest has been stipulated and it is regular.

c) There is no overdue amount 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:

(₹ in Crores)

Name of the Statute / Nature of the Dues	Financial Year	Forum where dispute is pending		Total
		Commissionerate	Appellate Authorities and Tribunals	
The Central Excise Act, 1944/Custom Duty/Service Tax/Interest & Penalty	FY 2001-02 to FY 2013-14	38.50	18.09	56.59
Income Tax Act / Tax Interest & Penalty	FY 2008-09, FY 2009-10, FY 2010-11, FY 2011-12, FY 2012-13	12.80	-	12.80
Total		**51.30**	**18.09**	**69.39**

(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 thereof have been adequately disclosed in the Standalone Ind AS financial statements under Note No. 31 in accordance with the Accounting Standards applicable to the Company.

(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 Reg. No.: 103264W

CA TEJAS. J. PARIKH
PARTNER
Membership No: 123215

Place: Mumbai
Date: 19th May, 2017

"ANNEXURE B" TO THE INDEPENDENT AUDITORS' 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 INDUSTRIES LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the Standalone Ind AS 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 ('Guidance Note') 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.

Auditor's 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 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. The 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 Standalone Ind AS 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 March 31, 2017, 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 Reg. No.: 103264W

CA TEJAS. J. PARIKH
PARTNER
Membership No: 123215

Place: Mumbai
Date: 19th May, 2017

Balance Sheet as at 31st March, 2017

(₹ in Crs.)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1	1,564.87	1,169.70	936.05
Capital Work-in-Progress	1	266.79	306.76	187.95
Intangible Assets	1	1.70	NIL	0.04
Financial Assets				
Investments	2	61.70	55.99	96.91
Other Non-Current Assets	3	167.26	126.74	98.38
Total Non-Current Assets		**2,062.32**	**1,659.19**	**1,319.33**
Current Assets				
Inventories	4	546.59	474.24	543.87
Financial Assets				
Trade Receivables	5	547.37	522.81	466.82
Cash and Cash Equivalents	6	21.64	24.16	26.33
Others Current Financial Assets	7	142.46	137.92	168.82
Other Current Assets	8	20.51	18.04	27.22
Total Current Assets		**1,278.57**	**1,177.17**	**1,233.06**
TOTAL ASSETS		**3,340.89**	**2,836.36**	**2,552.39**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	9	41.06	41.66	44.30
Other Equity	10	1,269.03	1,052.03	915.87
Total Equity		**1,310.09**	**1,093.69**	**960.17**
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	11	595.60	525.18	418.92
Other Financial Liabilities	12	NIL	0.18	0.18
Deferred Tax Liabilities (Net)	13	141.96	119.46	102.46
Total Non-Current Liabilities		**737.56**	**644.82**	**521.56**
Current Liabilities				
Financial Liabilities				
Borrowings	14	822.34	691.86	647.32
Trade Payables		294.87	298.92	252.66
Other Current Liabilities	15	152.25	89.49	156.31
Provisions	16	23.78	17.58	14.37
Total Current Liabilities		**1,293.24**	**1,097.85**	**1,070.66**
Total Liabilities		**2,030.80**	**1,742.67**	**1,592.22**
TOTAL EQUITY AND LIBILITIES		**3,340.89**	**2,836.36**	**2,552.39**
Summary of Significant Accounting Policies and other Explanatory Information	25-39			

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and Managing Director

Rashesh C. Gogri
Vice Chairman and Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Statement of Profit & Loss for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
REVENUE			
Revenue from Operations	17	3,050.22	2,933.63
Other Income	18	2.51	9.64
Total Revenue		**3,052.73**	**2,943.27**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	19	1,626.00	1,586.71
Purchases of Stock-in-Trade		104.23	114.32
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	20	(30.07)	54.28
Employee Benefits Expense	21	140.17	110.39
Finance Costs	22	117.38	115.90
Depreciation and Amortisation Expenses	1	114.80	92.69
Other Expenses	23	601.48	537.73
Total Expenses		**2,673.99**	**2,612.02**
PROFIT BEFORE TAX		**378.74**	**331.25**
TAX EXPENSES			
Current Year Tax		74.50	62.50
Earlier Year Tax		0.21	19.07
MAT Credit Entitlement		(25.15)	(19.75)
Deferred Tax		22.50	17.00
Total Tax Expenses		**72.06**	**78.82**
PROFIT AFTER TAX		**306.68**	**252.43**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair value of investment		5.72	(10.08)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**312.40**	**242.35**
Earnings Per Equity Share (EPS) (in ₹)	24		
Basic/Diluted		37.35	30.30
Summary of Significant Accounting Policies and other Explanatory Information	**25-39**		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and Managing Director

Rashesh C. Gogri
Vice Chairman and Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Statement of Changes in Equity for the year ended 31st March, 2017

A. EQUITY SHARE CAPITAL

(₹ in Crs)

As at 1st April, 2015	44.30
Changes in equity share capital during the year 2015-16	(2.64)
As at 31st March, 2016	**41.66**
Changes in equity share capital during the year 2016-17	(0.60)
As at 31st March, 2017	**41.06**

B. OTHER EQUITY

(₹ in Crs)

Particulars	Other Equity									Other Comprehensive Income	Total Other Equity
	Reserves and Surplus										
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Debenture Redumption Reserve	Amalgamation Reserve	General Reserve	State Investment Subsidy	Forfeiture Reserve	Retained Earnings		
As at 1st April, 2015	**69.22**	**0.55**	**21.99**	**30.00**	**10.76**	**141.14**	**0.52**	**1.85**	**606.17**	**33.67**	**915.87**
Pursuant to the scheme of Amalgamation	(60.17)	-	-	-	(10.76)	2.30	-	-	65.14	-	(3.49)
Transfer to Other Reserves from Retained Earnings	-	-	-	30.00	-	25.25	-	-	(55.25)	-	NIL
Profit for the Period	-	-	-	-	-	-	-	-	252.43	-	252.43
Dividend Paid	-	-	-	-	-	-	-	-	(86.32)	-	(86.32)
Tax on Dividend	-	-	-	-	-	-	-	-	(16.29)	-	(16.29)
Other Adjustments	-	-	-	-	-	-	-	-	(0.09)	-	(0.09)
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(10.08)	(10.08)
Balance as at 31st March, 2016	**9.05**	**0.55**	**21.99**	**60.00**	**NIL**	**168.69**	**0.52**	**1.85**	**765.79**	**23.59**	**1052.03**
Transfer to/(from) Other Reserves	0.52	-	-	-	-	-	(0.52)	-	-	-	NIL
Upon buy back of shares	-	0.60	(21.99)	-	-	(74.01)	-	-	-	-	(95.40)
Transfer to Other Reserves from Retained Earnings	-	-	-	30.00	-	31.00	-	-	(61.00)	-	NIL
Profit for the Period	-	-	-	-	-	-	-	-	306.68	-	306.68
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	5.72	5.72
Balance as at 31st March, 2017	**9.57**	**1.15**	**NIL**	**90.00**	**NIL**	**125.68**	**NIL**	**1.85**	**1,011.47**	**29.31**	**1269.03**

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and Managing Director

Rashesh C. Gogri
Vice Chairman and Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Significant Accounting Policies:

Disclosure as per Ind AS 101 First-time adoption of Indian Accounting Standards:

General Principle:

The Company has prepared the opening Balance Sheet as per Ind AS as of 1st April, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below:

Classification of debt instruments:

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

Past business combinations:

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1st April, 2015.

Deemed cost for property, plant and equipment and intangible assets:

The Company has elected to continue with the carrying value of all of its plant and equipment, capital work-in- progress and intangible assets recognised as of 1st April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Determining whether an arrangement contains a lease:

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Exchange differences arising on long-term foreign currency monetary items:

Under previous GAAP, the Company had opted to defer/ capitalize exchange differences arising on long-term foreign currency monetary items in accordance with paragraph 46A of AS 11. The Company has now availed Ind AS 101 option whereby a first time adopter can continue its previous GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the previous GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e 1st April, 2016.

Classification and measurement of financial assets:

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Derecognition of financial assets and liabilities:

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2015 (the transition date).

(a) Accounting Basis:

The Financial Statements upto the year ended March 31, 2016, are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) and comply in all material aspects with the applicable Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

These Financial Statement of the Company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amended by the Companies (Indian Accounting Standards) {Amendment} Rules, 2016.

(b) Revenue Recognition:

(i) Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Conversion, Sale of Scrap and obsolete stores is accounted for at the time of disposal.

(ii) Export entitlements are recognized on realization.

(iii) Revenue in respect of Interest, Insurance claims are recognized on the time proportion method.

(iv) Subsidy from Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/announced by the Government of India.

(c) Property, Plant and Equipment and Depreciation:

(1) Property, Plant and Equipment (PPE)

On adoption of Ind AS, the Company retained the carrying value for all of its property, plant and equipment as recongnised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used that as its deemed cost as permitted by Ind AS 101, 'First-time Adoption of Indian Accounting Standards'.

Fixed Assets are stated at cost of acquisition (net of CENVAT/VAT) inclusive of all expenditure of capital nature such as inward freight, duties & taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

(2) Depreciation

(A) Depreciation on Fixed Assets other than Leasehold Land and those mentioned above are provided under Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 till FY 2013-14. Further in case of Assets installed by the Company in one plant, taken on operating lease, the Depreciation was provided on Reducing Balance Method at the rate prescribed under Schedule XIV of the Companies Act, 1956 till FY 2013-14.

(B) Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs effective from 1st April 2014, the management has reassessed and changed based on an independent technical estimates, wherever necessary, the useful lives to compute depreciation, to confirm to the requirements of the Companies Act, 2013. The revised useful life for various class of assets is as follows:

Particulars	Depreciation/Amortisation
(i) Leasehold Land	Over the remaining tenure of lease
(ii) Building	Over a period of 19 years
(iii) Residential Quarters	Over a period of 30 years
(iv) Plant & Equipments	Over its useful life as technically assessed, i.e over a period of 9 - 19 years, based on the type of processes and equipments installed.
(v) Computers	Over a period of 3 years
(vi) Furniture and Fixtures	Over a period of 10 years
(vii) Vehicles	Over a period of 7 years

(C) Product/Process Development Expenses are amortized over the estimated useful life of the product.

(3) Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an assets 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.

(d) Investments:

(i) Investments in subsidiaries and associates are measured at cost.

(ii) Other investments are measured at fair value through Other Comprehensive Income.

(e) Valuation of Inventories:

Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

(i) Raw Materials, Packing Material, Stores and Spares - At cost on Weighted Average basis.

(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.

(f) Retirement Benefits:

Employee benefits are charged off in the year in which the employee has rendered services.

(g) Foreign Currency Transactions:

Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are dealt with in the Profit and Loss Account, except in case of long-term loans, where they relate to acquisition of fixed asset, in which case they are adjusted to the carrying cost of such assets. The premium in case of future contracts is dealt with in the Profit and Loss Account proportionately over the period of the contracts.

(h) Research and Development:

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. 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.

(i) Operating Lease:

Operating Lease payments are recognized as an expense in the Profit & Loss Account of the year to which they relate.

(j) Deferred Revenue Expenditure:

Deferred Revenue Expenditure is amortized over the period of the agreement on pro rata basis.

(k) Income Taxes:

Tax expense comprises 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 Indian Income Tax Act.

Deferred Tax reflects the impact of timing differences between Taxable Income and Accounting Income for the year and reversal of timing differences of earlier years. Deferred Tax is measured on the basis of Tax Rates and Tax Laws enacted or substantively enacted at the Balance Sheet. Deferred Tax Assets are recognized only if there is reasonable certainty of their realization except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognized only if there is virtual certainty of their realization.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date.

(l) Borrowing Costs:

Borrowing cost directly related to the acquisition or construction of an asset is capitalized as part of the cost of that asset. Other borrowing costs are charged to the Profit and Loss Account.

(m) Provisions and Contingent Liabilities:

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a Cash Outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a Cash Outflow will not be required to settle the obligation.

Notes on Financial Statements for the year ended 31st March, 2017

1. PROPERTY, PLANT AND EQUIPMENT:

(₹ in Crs.)

F.Y. 2016-17	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2016	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2017	Balance as at 1st April, 2016	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2017	Balance as at 31st March, 2017	Balance as at 31st March, 2016
(i) Tangible Assets										
Free hold Land	3.57	NIL	NIL	3.57	0.26	NIL	NIL	0.26	3.31	3.31
Lease Hold Land	37.60	61.67	NIL	99.27	2.88	0.40	NIL	3.28	95.99	34.72
Buildings	156.82	55.83	NIL	212.65	42.27	9.67	NIL	51.94	160.71	114.55
Plant and Equipment	1,668.05	376.09	0.28	2,043.86	673.91	98.40	0.20	772.11	1,271.75	994.14
R&D Assets	23.07	10.25	NIL	33.32	9.34	2.57	NIL	11.91	21.41	13.73
Furniture and Fixtures	20.35	4.63	NIL	24.98	15.80	1.93	NIL	17.73	7.25	4.55
Vehicles	17.43	1.33	0.19	18.57	12.73	1.52	0.13	14.12	4.45	4.70
Total (i)	**1,926.89**	**509.80**	**0.47**	**2,436.22**	**757.19**	**114.49**	**0.33**	**871.35**	**1,564.87**	**1,169.70**
(ii) Intangible Assets										
Process Development	19.96	2.00	NIL	21.96	19.96	0.30	NIL	20.26	1.70	NIL
Technical Knowhow	0.08	NIL	NIL	0.08	0.08	NIL	NIL	0.08	NIL	NIL
Goodwill	6.16	NIL	NIL	6.16	6.16	NIL	NIL	6.16	NIL	NIL
Computer Software	0.38	NIL	NIL	0.38	0.38	NIL	NIL	0.38	NIL	NIL
Copyrights and Patents	9.65	NIL	NIL	9.65	9.65	NIL	NIL	9.65	NIL	NIL
Total (ii)	**36.23**	**2.00**	**NIL**	**38.23**	**36.23**	**0.30**	**NIL**	**36.53**	**1.70**	**NIL**
TOTAL (i+ii)	**1,963.12**	**511.80**	**0.47**	**2,474.45**	**793.42**	**114.79**	**0.33**	**907.88**	**1,566.57**	**1,169.70**
(iii) Capital Work-in-Progress									266.79	306.76

(₹ in Crs.)

F.Y. 2015-16	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2015	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2016	Balance as at 1st April, 2015	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2016	Balance as at 31st March, 2016	Balance as at 31st March, 2015
(i) Tangible Assets										
Free hold Land	3.57	NIL	NIL	3.57	0.26	NIL	NIL	0.26	3.31	3.31
Lease Hold Land	35.20	2.40	NIL	37.60	2.62	0.26	NIL	2.88	34.72	32.58
Buildings	121.19	35.63	NIL	156.82	35.04	7.23	NIL	42.27	114.55	86.15
Plant and Equipment	1,391.75	277.25	0.95	1,668.05	593.88	80.16	0.13	673.91	994.14	797.87
R&D Assets	15.49	7.58	NIL	23.07	7.65	1.69	NIL	9.34	13.73	7.84
Furniture and Fixtures	18.04	2.31	NIL	20.35	14.17	1.63	NIL	15.80	4.55	3.87
Vehicles	15.48	1.95	NIL	17.43	11.05	1.68	NIL	12.73	4.70	4.43
Total (i)	**1,600.72**	**327.12**	**0.95**	**1,926.89**	**664.67**	**92.65**	**0.13**	**757.19**	**1,169.70**	**936.05**
(ii) Intangible Assets										
Process Development	19.96	NIL	NIL	19.96	19.96	NIL	NIL	19.96	NIL	NIL
Technical Knowhow	0.08	NIL	NIL	0.08	0.08	NIL	NIL	0.08	NIL	NIL
Goodwill	6.16	NIL	NIL	6.16	6.16	NIL	NIL	6.16	NIL	NIL
Computer Software	0.38	NIL	NIL	0.38	0.34	0.04	NIL	0.38	NIL	0.04
Copyrights and Patents	9.65	NIL	NIL	9.65	9.65	NIL	NIL	9.65	NIL	NIL
Total (ii)	**36.23**	**NIL**	**NIL**	**36.23**	**36.19**	**0.04**	**NIL**	**36.23**	**NIL**	**0.04**
TOTAL (i+ii)	**1,636.95**	**327.12**	**0.95**	**1,963.12**	**700.86**	**92.69**	**0.13**	**793.42**	**1,169.70**	**936.09**
(iii) Capital Work-in-Progress									306.76	187.95

1.1 Gross Block of Plant & Equipment includes assets given on Lease with Gross Block ₹1.15 Crs (previous year ₹1.15 Crs)

1.2 Additions to Gross Block includes an amount of ₹5.16 Crs (previous year ₹7.20 Crs) being the net foreign exchange loss, arising on account of restatement and repayments of Long-term Foreign Currency Loans during the year.

Notes on Financial Statements for the year ended 31st March, 2017

2. NON-CURRENT INVESTMENTS:

(₹ in Crs.)

Name of the Company	No. of Shares/ Units	As at 31st March, 2017	No. of Shares/ Units	As at 31st March, 2016	No. of Shares/ Units	As at 1st April, 2015
Trade Investments - (Quoted) in Equity Shares						
Aarti Drugs Ltd.	491,790	28.32	500,118	22.62	500,118	32.51
Bank of India	NIL	NIL	NIL	NIL	285	0.02
Glenmark Pharmaceuticals Ltd.	NIL	NIL	NIL	NIL	400	0.01
		28.32		**22.62**		**32.54**
Investments - (Unquoted) in Equity Shares of Subsidiary Companies						
Aarti Corporate Services Ltd.	2,024,680	1.73	2,024,680	1.73	2,024,680	1.73
Alchemie (Europe) Ltd.	80,000	0.54	80,000	0.54	80,000	0.54
Innovative Envirocare Jhagadia Ltd.	350,000	0.35	350,000	0.35	350,000	0.35
Aarti USA Inc.	10,000,000	0.66	10,000,000	0.66	NIL	NIL
Ganesh Polychem Ltd.	3,098,257	12.61	3,098,257	12.61	3,068,257	12.16
		15.89		**15.89**		**14.78**
Investments - (Unquoted) in Equity Shares of Associate Companies						
Anushakti Holdings Ltd. (Refer Note No. 2.1)	NIL	NIL	NIL	NIL	8,846,490	2.91
Anushakti Chemicals & Drugs Ltd. (Refer Note No. 2.1)	NIL	NIL	NIL	NIL	15,529,136	7.51
		NIL		**NIL**		**10.42**
Investments - (Unquoted) in Equity Shares of Other Companies						
Ichalkaranji Janata Sahakari Bank Ltd.	1,020	0.01	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Ltd.	61	0.01	61	0.01	61	0.01
Narmada Clean Tech Ltd.	287,550	0.13	287,550	0.13	102,230	0.13
Dilesh Roadlines Pvt. Ltd.	464,550	1.43	464,550	1.43	464,550	1.62
Indusken Pharmaceuticals Pvt. Ltd.	200,000	0.20	200,000	0.20	200,000	0.20
U.K.I.P. Co-Op. Soc. Ltd.	35	0.00	35	0.00	35	0.00
Perfect Enviro Control Systems Ltd.	36,800	0.02	36,800	0.02	36,800	0.01
Aarti Ventures Ltd.	190,000	0.16	190,000	0.16	190,000	0.17
Tarapur Environment Protection Society	7,188	0.62	7,188	0.62	7,188	0.07
Derma Touch Inc.	125,000	1.34	125,000	1.33	NIL	NIL
		3.92		**3.91**		**2.22**

Notes on Financial Statements for the year ended 31st March, 2017

2. NON-CURRENT INVESTMENTS: (contd.)

(₹ in Crs.)

Name of the Company	No. of Shares/ Units	As at 31st March, 2017	No. of Shares/ Units	As at 31st March, 2016	No. of Shares/ Units	As at 1st April, 2015
Investments - (Unquoted) in Limited Liability Partnership						
Aarti Udyog Limited Liability Partnership	NA	3.80	NA	3.80	NA	3.80
Anushakti Specialities Limited Liability Partnership (Refer Note No. 2.2)	NA	NIL	NA	NIL	NA	24.90
		3.80		**3.80**		**28.70**
Investments - (Unquoted) in Unsecured Convertible Debentures						
Aarti Corporate Services Ltd.	250,000	2.50	250,000	2.50	250,000	2.50
Aarti Ventures Ltd.	727,000	7.27	727,000	7.27	575,000	5.75
		9.77		**9.77**		**8.25**
TOTAL		**61.70**		**55.99**		**96.91**

2.1 Pursuant to the Scheme of Arrangement, Anushakti Holdings Ltd and Anushakti Chemicals & Drugs Ltd had been merged into Aarti Industies Ltd w.e.f 01.04.2015. Hence the investment stands eliminated.

2.2 In the F.Y. 2015-16 Anushakti Speciality Limited Liability Partnership has been merged/absorbed into Aarti Industries Ltd.

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
3. OTHER NON-CURRENT ASSETS:			
Capital Advances	39.46	40.40	28.89
Other Deposits	29.27	29.14	20.24
Advance Tax and Tax Deducted at Source (Net of Provision)	98.53	57.20	49.25
TOTAL	**167.26**	**126.74**	**98.38**
4. INVENTORIES:			
Raw Materials and Components (incl In-transit stock)	186.91	157.23	161.65
Work-in-progress Finished Goods	156.90	137.32	173.53
Finished Goods (incl. In-transit stock)	119.32	156.11	175.43
Stock-in-trade	51.01	3.73	2.48
Stores and spares	12.94	7.13	7.16
Fuel (incl. In-transit stock)	14.54	8.82	20.14
Packing Materials	4.97	3.90	3.48
TOTAL	**546.59**	**474.24**	**543.87**

Notes on Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
4.1. IN-TRANSIT INVENTORIES:			
Raw Materials	21.85	15.80	11.87
Finished Goods	38.89	22.62	26.32
Fuel	11.57	6.15	15.75
TOTAL	**72.31**	**44.57**	**53.94**
5. TRADE RECEIVABLES:			
Trade receivables outstanding for a period less than six months:			
Unsecured, considered good	517.61	485.78	436.25
Trade receivables outstanding for a period exceeding six months:			
Unsecured, considered good	29.76	37.03	30.57
TOTAL	**547.37**	**522.81**	**466.82**
6. CASH AND CASH EQUIVALENTS:			
Cash on hand	0.54	1.02	1.33
Bank balance in Current Accounts	12.63	16.58	21.44
Bank deposits kept as Margin Money	6.38	3.68	1.56
Earmarked Balances (Unpaid Dividend Accounts)	2.08	2.88	2.00
TOTAL	**21.64**	**24.16**	**26.33**

The Ministry of Corporate Affairs (MCA) in its notification dated 30th March, 2017 amended Schedule III to the Companies Act, requiring companies to provide the following disclosure in the financial statements in respect of Specified Bank Notes(SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016:

(₹ in Crs.)

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand as on 8th November, 2016	0.56	0.51	1.07
(+) Permitted receipts	*0.00	0.81	0.81
(-) Permitted payments	NIL	(0.67)	(0.67)
(-) Amount deposited in Banks	(0.57)	NIL	(0.57)
Closing cash in hand as on 30th December, 2016	**NIL**	**0.65**	**0.65**

* Permitted receipts in SBNs ₹25,000/- received from the Judicial Magistrate Class-I, Dhar, M.P., against Case No. 459/15.

Notes on Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
7. OTHER CURRENT FINANCIAL ASSETS:			
Balances with Customs, Port Trust, Central Excise & Sales Tax Authorities	119.90	103.29	137.41
Loans & Advances:			
(i) Employees	6.44	6.81	7.37
(ii) Others	14.09	26.90	24.04
(iii) Related Parties	2.03	0.92	NIL
TOTAL	**142.46**	**137.92**	**168.82**
8. OTHER CURRENT ASSETS:			
Others Receivables	4.18	3.62	0.55
Prepaid Expenses	5.47	3.19	1.67
Subsidy Receivable	6.61	6.98	20.75
Insurance Claim Receivable	4.25	4.25	4.25
TOTAL	**20.51**	**18.04**	**27.22**

9. EQUITY SHARE CAPITAL:

(₹ in Crs.)

Particulars	No. of Shares	As at 31st March, 2017	No. of Shares	As at 31st March, 2016	No. of Shares	As at 1st April, 2015
Authorised Share Capital						
Equity Shares of ₹5/- each	230,150,320	115.08	230,150,320	115.08	125,000,000	62.50
Issued, Subscribed & Paid up						
Equity Shares of ₹5/- each fully paid up	82,120,383	41.06	83,320,383	41.66	88,591,687	44.30
TOTAL		**41.06**		**41.66**		**44.30**

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2017:

Particulars	No. of Shares outstanding		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Equity Shares at the beginning of the year	83,320,383	88,591,687	88,591,687
Add: Shares issued during the year pursuant to the Scheme of Amalgamation	NIL	16,726,401	NIL
Less: Shares cancelled during the year pursuant to the Scheme of Amalgamation	NIL	21,997,705	NIL
Less: Shares buy back during the year	1,200,000	NIL	NIL
Equity Shares at the end of the year	**82,120,383**	**83,320,383**	**88,591,687**

Notes on Financial Statements for the year ended 31st March, 2017

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Chandrakant Vallabhai Gogri	7,404,834	9.02	2,494,234	2.99	1,851,727	2.09
HDFC Trustee Company Ltd.	6,267,393	7.63	6,098,810	7.32	6,480,510	7.32
Rashesh Chandrakant Gogri	4,797,248	5.84	6,214,118	7.46	3,964,221	4.47
Hetal Gogri Gala	2,977,894	3.63	6,056,319	7.27	3,703,689	4.18
Anushakti Holding Ltd.	NIL	N.A.	NIL	N.A.	7,085,301	8.00
Gogri and Sons Investments Pvt. Ltd.	NIL	N.A.	NIL	N.A.	5,973,773	6.74
Alchemie Leasing & Financing Pvt. Ltd.	NIL	N.A.	NIL	N.A.	5,309,098	5.99

9.3 The details of Equity Shares outstanding during last 5 years:

Particulars	Financial Year				
	2016-17	2015-16	2014-15	2013-14	2012-13
No. of Equity Shares outstanding (Refer Note No. 9.4)	82,120,383	83,320,383	88,591,687	88,591,687	79,120,073

9.4 Note on Issued, Subscribed and Paid up Equity Share Capital:

[a] 843,649 (previous year 8,43,649) were issued to Shareholders of Surfactant Specialities Ltd. pursuant to its Merger with the Company.

[b] 42,000 (previous year 42,000) were issued to Shareholders of Avinash Drugs Ltd. pursuant to its Merger with the Company.

[c] 3,025,000 (previous year 3,025,000) were issued towards Preferential allotment at a premium of ₹30.65 paise to Warrantholders.

[d] 2,400,000 (previous year 2,400,000) have been issued towards Preferential allotment at a premium of ₹53/- to Warrantholders.

[e] 9,471,614 (previous year 9,471,614) were issued to Shareholders of Anushakti Chemicals & Drugs Ltd. pursuant to its Scheme of arrangement with the Company.

[f] 1,67,26,401 (previous year 1,67,26,401) were issued to Shareholders of Anushakti Chemicals & Drugs Ltd, Anushakti Holdings Ltd, Gogri and Sons Investments Pvt. Ltd., and Alchemie Leasing & Financing Pvt. Ltd. pursuant to the Scheme of Amalgamation with the Company & 2,19,97,705 (previous year 2,19,97,705) being held by them as investments had been cancelled. Hence on net basis 52,71,304 shares of the company has been cancelled.

[g] 12,00,000 (previous year NIL) were brought back at a premium of ₹795/-

Notes on Financial Statements for the year ended 31st March, 2017

10. OTHER EQUITY:

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a. Capital Reserves			
Opening Balance	9.05	69.22	69.22
Addition:			
Pursuant to the Scheme of Amalgamation	NIL	0.10	NIL
Trf. From State Investment Subsidy	0.52	NIL	NIL
Deduction:			
Pursuant to the Scheme of Amalgamation	NIL	60.27	NIL
Closing Balance	**9.57**	**9.05**	**69.22**
b. Capital Redemption Reserve			
Opening Balance	0.55	0.55	0.55
Addition: upon buyback of shares	0.60	NIL	NIL
Deduction	NIL	NIL	NIL
Closing Balance	**1.15**	**0.55**	**0.55**
c. Securities Premium Account			
Opening Balance	21.99	21.99	21.99
Addition	NIL	NIL	NIL
Deduction: upon buyback of shares	21.99	NIL	NIL
Closing Balance	**NIL**	**21.99**	**21.99**
d. Debenture Redemption Reserve			
Opening Balance	60.00	30.00	NIL
Addition: Transferred from Profit & Loss Account	30.00	30.00	30.00
Deduction	NIL	NIL	NIL
Closing Balance	**90.00**	**60.00**	**30.00**
e. Amalgamation Reserve			
Opening Balance	NIL	10.76	10.76
Addition	NIL	NIL	NIL
Deduction: Pursuant to Scheme of Amalgmation	NIL	10.76	NIL
Closing Balance	**NIL**	**NIL**	**10.76**
f. General Reserve			
Opening Balance	168.69	141.14	122.14
Addition:			
Pursuant to the Scheme of Amalgamation	NIL	2.30	NIL
Transferred from Profit & Loss Account	31.00	25.25	19.00
Deduction: upon buyback of shares	74.01	NIL	NIL
Closing Balance	**125.68**	**168.69**	**141.14**

Notes on Financial Statements for the year ended 31st March, 2017

10. OTHER EQUITY: (contd.)

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
g. Profit and Loss Account			
Opening balance	765.79	606.17	507.36
Addition:			
Pursuant to the Scheme of Amalgamation	NIL	65.14	NIL
Net Profit/(Loss) for the year	306.68	252.43	187.80
Deduction:			
1st Interim Dividend	NIL	25.00	19.93
2nd Interim Dividend	NIL	16.66	13.29
3rd Interim Dividend	NIL	29.16	NIL
Proposed Dividend	NIL	15.50	NIL
Tax on Dividend	NIL	16.29	6.64
Other Adjustment	NIL	0.09	NIL
Transferred to General Reserve	31.00	25.25	19.00
Transferred to Debenture Redemption Reserve	30.00	30.00	30.00
Effect of change in useful life of Fixed Assets	NIL	NIL	0.13
Closing Balance	**1,011.47**	**765.79**	**606.17**
h. Other Reserves			
State Investment Subsidy	NIL	0.52	0.52
Forfeiture Reserve	1.85	1.85	1.85
Closing Balance	**1.85**	**2.37**	**2.37**
i. Other Comprehensive Income			
Opening Balance	23.59	33.67	NIL
OCI for the year	5.72	(10.08)	33.67
Closing Balance	**29.31**	**23.59**	**33.67**
TOTAL	**1,269.03**	**1,052.03**	**915.87**

11. NON-CURRENT BORROWINGS:

(₹ in Crs.)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Secured						
(a) Non Convertible Debentures (NCDs) (Refer Note No. 11.1 a)	200.00	NIL	200.00	NIL	200.00	NIL
(b) ECB/Term loans from Banks/Financial Institutions	395.00	127.04	324.21	57.28	218.09	134.14
(c) Vehicle Loans from Banks/Financial Institutions	0.60	0.33	0.97	0.91	0.83	0.72
TOTAL	**595.60**	**127.37**	**525.18**	**58.19**	**418.92**	**134.86**

Notes on Financial Statements for the year ended 31st March, 2017

11.1 a) Secured, Redeemable, STRPPS NCDs bearing coupon rate of 11.75% p.a. Debentures of ₹200.00 Crs are secured by way of First Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movable fixed assets, both present and future, wherever situated, excluding those charged exclusively to other Term Lenders. The NCDs are issued in the year 2014-15 and are redeemable in five equal installments commencing from the end of the 3rd year from the date of allotment of these Debentures.

b) Out of the total ECB/Term Loans from Banks/Financial Institutions to ₹522.04 Crs.

i) Outstanding Term Loans/ECBs to the extent of ₹162.85 Crs are secured by way of Pari Passu Joint Equitable Mortgage of the Company's immovable properties situated at Sarigam, Vapi and Jhagadia, in the State of Gujarat, Pithampur in the State of Madhya Pradesh, Silvassa in the Union Teritorry of Silvassa, Tarapur in the State of Maharashtra and further by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders.

ii) Term Loan from Citibank to the extent of ₹8.24 Crs is secured by way of Exclusive Charge on the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) situated at the new hydrogenation unit at Jhagadia Unit II.

iii) Term Loan of ₹350.95 Crs is secured by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders.

c) Vehicle loans from Banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

11.2 Repayment Terms:

(₹ in Crs.)

Particulars	Repayment Tenor			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
NCDs/ECB/Term Loans from Banks/Financial Institutions	142.51	155.00	115.00	182.50
Vehicle Loans from Banks/Financial Institutions	0.20	0.15	0.29	-

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
12. OTHER FINANCIAL LIABILITIES:			
Unsecured Loan From Others	NIL	0.18	0.18
TOTAL	**NIL**	**0.18**	**0.18**
13. DEFERRED TAX LIABILITIES (NET):			
Deferred Tax Liabilities	119.46	102.46	84.46
Difference between net book value of depreciable			
capital assets as per books vis - a- vis written down			
value as per Tax Laws	24.43	17.30	18.75
Deferred Tax Assets			
Items allowed for tax purpose on payment	(1.93)	(0.30)	(0.75)
Deferred Tax Liabilities (Net)	**141.96**	**119.46**	**102.46**

Notes on Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
14. SHORT-TERM BORROWINGS:			
Secured			
Working Capital Loan From Banks (Refer Note No. 14.1)	733.88	674.63	604.62
	733.88	**674.63**	**604.62**
Unsecured			
From Banks	88.46	17.23	42.70
	88.46	**17.23**	**42.70**
TOTAL	**822.34**	**691.86**	**647.32**

14.1 Working Capital Loans availed from Scheduled Banks, are secured/to be secured by way of Pari Passu first charge by hypothecation of Raw Materials, Stock-In-Process, Semi-Finished Goods, Finished Goods, Packing Materials and Stores and Spares, Bills Receivables and Book Debts and all other moveable, both present and future. Also by way of Joint Equitable Mortgage of the Company's immovable properties situated at Sarigam, Vapi, Jhagadia and Bhachau in the State of Gujarat Pithampur in the State of Madhya Pradesh, Silvassa in the Union Teritorry of Silvassa, and at Tarapur in the State of Maharashtra and further by way of hypothecation of all moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts & inventories) wherever situated, ranking second to the charge held by NCDs/ECB/Other Term Lenders.

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
15. OTHER CURRENT LIABILITIES:			
Current maturities of Long-Term Debt (Refer Note No. 11 b)	127.04	57.28	134.14
Current maturities of Vehicle Loan (Refer Note No. 11 c)	0.33	0.91	0.72
Interest accrued but not due on borrowings	18.61	18.61	15.65
Unpaid Dividends	2.08	2.88	2.00
Deposits	0.17	0.16	0.16
Sales Tax Deferred Liability	0.15	0.15	0.30
Other Current Liabilities & Taxes	3.87	9.50	3.34
TOTAL	**152.25**	**89.49**	**156.31**
16. SHORT-TERM PROVISIONS:			
Provision for			
Employees' Benefits	23.78	17.58	14.37
TOTAL	**23.78**	**17.58**	**14.37**

Notes on Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
17.	REVENUE FROM OPERATIONS: (Refer Note No. 17.1)		
	Sale of Products	2,995.54	2,873.47
	Sale of Services	9.00	10.33
	Other Operating Revenues (Refer Note No. 17.2)	45.68	49.83
	GROSS REVENUE OPERATIONS	**3,050.22**	**2,933.63**
17.1.	GROSS SALES & OPERATING REVENUES:		
	Local Sales:		
	Speciality Chemicals	1,269.92	1,213.29
	Pharmaceuticals	218.13	232.75
	Home & Personal Care Chemicals	147.42	135.20
	Total (A)	**1,635.47**	**1,581.24**
	Export Sales:		
	Speciality Chemicals	1,186.13	1,144.11
	Pharmaceuticals	207.94	193.01
	Home & Personal Care Chemicals	20.68	15.27
	Total (B)	**1,414.75**	**1,352.39**
	TOTAL (A+B)	**3,050.22**	**2,933.63**
17.2.	OTHER OPERATING REVENUES:		
	Fertilizers Subsidy Received	19.67	24.67
	Export Benefits/Incentives Received	19.65	20.74
	Scrap Sales	4.63	4.42
	Vat Refund Received	1.73	NIL
	TOTAL	**45.68**	**49.83**
18.	OTHER INCOME:		
	Dividend Received	0.61	8.65
	Profit on Sale of Assets/Investment	0.79	0.54
	Lease Rent Income	0.26	0.24
	Other Income	0.85	0.21
	TOTAL	**2.51**	**9.64**
19.	COST OF MATERIALS CONSUMED:		
	Consumption of Raw Materials	1,441.42	1,412.54
	Consumption of Packing Materials	36.00	32.62
	Consumption of Fuel	90.29	83.51
	Consumption of Stores & Spares	58.29	58.04
	TOTAL	**1,626.00**	**1,586.71**

Notes on Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
20. CHANGE IN INVENTORY:		
Opening Stock		
Finished Goods	159.84	177.91
Work-in-Progress	137.32	173.53
Total (A)	**297.16**	**351.44**
Closing Stock		
Finished Goods	170.33	159.84
Work-in-Progress	156.90	137.32
Total (B)	**327.23**	**297.16**
TOTAL (A-B)	**(30.07)**	**54.28**
21. EMPLOYEE BENEFITS:		
Salaries, Wages & Bonus	125.93	99.03
Contribution to PF and other Funds	7.57	5.73
Workmen & Staff Welfare Expenses	6.67	5.63
TOTAL	**140.17**	**110.39**
22. FINANCE COST:		
Interest on NCD's	23.50	23.50
Other Interest Expenses	87.83	84.06
Other Borrowing Costs	6.05	8.34
TOTAL	**117.38**	**115.90**
23. OTHER EXPENSES:		
Manufacturing Expenses:		
Freight, Cartage & Transport	87.63	76.51
Power	101.45	91.02
Water Charges	7.73	6.97
Processing Charges	29.84	26.49
Other Manufacturing Expenses	99.96	80.14
Repairs & Maintenance	66.58	48.92
Insurance Charges	2.36	2.05
Research & Development Expenses	11.38	10.36
Factory Administrative Expenses	22.11	20.08
Total (A)	**429.04**	**362.54**

Notes on Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
23. OTHER EXPENSES:			
Office Administrative Expenses:			
Rent, Rates and Taxes		2.14	3.89
Travelling and Conveyance		5.15	4.51
Auditor's Remuneration (Refer Note No. 23.1)		0.21	0.18
Legal & Professional Charges		4.18	3.33
Postage, Telegraph & Telephone		0.78	0.69
Printing & Stationery Expenses		0.75	0.75
Other Administrative Expenses		7.50	7.49
	Total (B)	**20.71**	**20.84**
Selling & Distribution Expenses:			
Advertisement & Sales Promotion		5.29	4.69
Export Freight Expenses		46.16	49.38
Freight and Forwarding Expenses		70.79	67.94
Commission		8.12	9.16
Export Insurance Charges		1.82	1.66
Sample Testing & Analysis Charges		0.91	0.86
Provision for Doubtful Debts		NIL	5.00
Lease Rent Paid		11.23	8.70
Bad Debts Written Off		NIL	0.95
Sundry Balance Written Off/(Back)		0.14	1.14
	Total (C)	**144.46**	**149.48**
Non-Operating Expenses:			
Donations and CSR Expenses		7.27	4.87
	Total (D)	**7.27**	**4.87**
	TOTAL (A+B+C+D)	**601.48**	**537.73**
23.1. AUDITOR'S REMUNERATION:			
Audit Fees		0.16	0.14
Certification Charges		0.03	0.03
Out of Pocket Expenses		0.02	0.01
	TOTAL	**0.21**	**0.18**
24. EARNING PER SHARE (EPS):			
Net Profit available for Equity Shareholders	(₹ in Crs.)	306.68	252.43
No. of Equity Shares	(Nos.)	82,120,383	83,320,383
Basic & Diluted EPS	(₹)	37.35	30.30
Nominal Value of Equity Share	(₹)	5.00	5.00

Notes on Financial Statements for the year ended 31st March, 2017

25. CONTINGENT LIABILITIES AND COMMITMENTS: (to the extent not provided for)

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	69.47	71.98
(b) Letters of Credit, Bank Guarantees & Bills Discounted	67.07	48.64
	136.54	**120.62**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	59.75	31.89
	59.75	**31.89**
TOTAL	**196.29**	**152.51**

26. There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2017. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

27. Interest received of ₹9.41 Crs out of which ₹3.62 Crs interest income provided on Income Tax refund from IT Dept. & ₹1.41 Crs interest income provided on sales tax refund from the Gujarat Sales Tax Dept. (Tax Deducted at Source ₹0.38 Crs) [previous year ₹4.61 Crs (Tax Deducted at Source ₹0.36 Cr)] is netted off against interest paid on Working Capital.

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

29. RESEARCH & DEVELOPMENT ACTIVITES:

(₹ in Crs.)

Expenditure	As at 31st March, 2017	As at 31st March, 2016
Revenue	11.38	10.36
Capital	10.25	5.65

30. SEGMENT REPORTING:

(₹ in Crs.)

Particulars	Financial Year 2016-17	Financial Year 2015-16
(A) Primary Segments: Business Segments		
1. Segment Revenue:		
a) Speciality Chemicals	2,456.05	2,357.40
b) Pharmaceuticals	426.07	425.76
c) Home & Personal Care Chemicals	168.10	150.47
TOTAL	**3,050.22**	**2,933.63**

Notes on Financial Statements for the year ended 31st March, 2017

30. SEGMENT REPORTING: (contd.)

(₹ in Crs.)

Particulars	Financial Year 2016-17	Financial Year 2015-16
2. Segment Results Profit/(Loss):		
Before Tax and Interest from each Segment		
a) Speciality Chemicals	517.00	469.09
b) Pharmaceuticals	48.13	38.80
c) Home & Personal Care Chemicals	0.77	(0.24)
Total (A)	**565.90**	**507.65**
Less: Interest	117.38	115.90
Other Unallocable Expenditure (Net)	69.78	60.50
Total (B)	**187.16**	**176.40**
Total Profit before Tax (A-B)	**378.74**	**331.25**
3. Segment Assets:		
a) Speciality Chemicals	2,350.76	1,955.89
b) Pharmaceuticals	628.99	580.77
c) Home & Personal Care Chemicals	152.52	110.26
d) Unallocated Capital	208.62	188.52
TOTAL	**3,340.89**	**2,835.44**
Segment Liabilities:		
a) Speciality Chemicals	386.99	330.81
b) Pharmaceuticals	57.03	52.86
c) Home & Personal Care Chemicals	26.88	21.41
d) Unallocated Capital	141.95	119.45
TOTAL	**612.85**	**524.53**
(B) Secondary Segments: Geographical Segments		
a) India	1,635.46	1,581.24
b) Out of India	1,414.76	1,352.39
TOTAL	**3,050.22**	**2,933.63**

Notes on Financial Statements for the year ended 31st March, 2017

31. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (Ind AS 24):

I Following are the Subsidiaries of the Company

1. Aarti Corporate Services Ltd.
2. Nascent Chemical Industries Ltd. (Through its holding Company: Aarti Corporate Services Ltd.)
3. Shanti Intermediates Pvt. Ltd. (Through its holding Company: Aarti Corporate Services Ltd.)
4. Innovative Envirocare Jhagadia Ltd.
5. Ganesh Polychem Ltd
6. Alchemie (Europe) Ltd.
7. Aarti USA Inc.

II Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence.

1. Alchemie Industries
2. Alchemie Laboratories
3. Aarti Drugs Ltd.
4. Alchemie Dye Chem Pvt. Ltd.

III Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel.

Sr. No.	Name	Status
1.	Shri Rajendra V. Gogri	Director
2.	Shri Rashesh C. Gogri	Director
3.	Shri Shantilal T. Shah	Director
4.	Shri Parimal H. Desai	Director
5.	Shri Manoj M. Chheda	Director
6.	Shri Kirit R. Mehta	Director
7.	Smt. Hetal Gogri Gala	Director
8.	Shri Renil R. Gogri	Director
9.	Shri Chetan Gandhi	Chief Financial Officer
10.	Smt. Mona Patel	Company Secretary

The following transactions were carried out during the year with the related parties in the ordinary course of business

(A) Details relating to parties referred to in items I and II above.

(₹ in Crs.)

Sr. No.	Description of Transaction	Year	Subsidiary Companies [I]	Other related Enterprises Firms [II]
1	Sales of Finished Goods/Sales Income	CY	**120.40**	**31.87**
		PY	103.88	32.36
2	Purchases of Raw Materials/Finished Goods	CY	**10.27**	**16.81**
		PY	19.23	27.31
3	Other Manufacturing Expenses	CY	**23.81**	**2.68**
		PY	5.79	2.84

Notes on Financial Statements for the year ended 31st March, 2017

(A) Details relating to parties referred to in items I and II above. (contd.)

(₹ in Crs.)

Sr. No.	Description of Transaction	Year	Subsidiary Companies [I]	Other related Enterprises Firms [II]
4	Rent paid	CY	-	0.15
		PY	-	0.15
5	Other Income	CY	-	0.03
		PY	-	0.03
6	Sale of Fixed Assets	CY	0.69	0.04
		PY	0.74	-
7	Purchase of Fixed Assets	CY	0.68	1.91
		PY	-	-
8	Inter-Corporate Deposits given/(Received back) during the year	CY	-	-
		PY	0.65	0.30
9	Interest Income on the Inter-Corporate Deposits placed/unsecured loans/NCDs	CY	(0.30)	-
		PY	0.30	0.02
10	Dividend Received	CY	0.61	-
		PY	8.16	0.49
11	Equity Contribution/Increase in Investment in cash or in kind made during the year	CY	-	-
		PY	1.11	-
12	Outstanding items pertaining to the related parties at the balance sheet date - Receivable/(Payable)	CY	79.25	(0.99)
		PY	44.23	5.98

(B) Details relating to persons referred to in item III above*

(₹ in Crs.)

Particulars		Financial Year 2016-17	Financial Year 2015-16
a.	Remuneration including perquisites #	4.13	3.83
b.	Commission to Directors/KMPs	7.79	6.82
c.	Sitting Fees	0.03	0.03
d.	Rent paid	0.99	0.92
e.	Travelling Expenses	0.97	0.88
f.	Telephone Expenses	0.07	0.04
	TOTAL	13.98	12.52

* Excluding the payments made to Independent Directors & Relative of Directors as per Accounting Standard Interpretation 21 issued by the Institute of Chartered Accountants of India.

Value of Perquisites includes non Cash Perquisites of ₹0.02 Crs (previous year ₹0.02 Crs).

Notes on Financial Statements for the year ended 31st March, 2017

32. EMPLOYEE BENEFITS:

Defined Benefit Plan

The employees' 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 Crs.)

	Particulars	Gratuity (funded) 2016-17	Gratuity (funded) 2015-16
a.	**Reconciliation of Opening and Closing balances of Defined Benefit Obligation**		
	Defined Benefit Obligation at beginning of the Year	11.49	9.58
	Current Service Cost	1.12	0.91
	Interest Cost	0.93	0.76
	Actuarial(gain)/ loss	0.83	0.76
	Benefits Paid	(0.17)	(0.52)
	Defined Benefit Obligation at year end	14.20	11.49
b.	**Reconciliation of opening and closing balances fair value of plan assets**		
	Fair value of plan assets at beginning of the year	9.73	8.25
	Expected return of plan assets	0.78	0.66
	Actuarial(gain)/loss	0.01	0.04
	Employer Contribution	1.85	1.30
	Benefits Paid	(0.17)	(0.52)
	Fair value of plan assets at year end	12.20	9.73
	Actual return on plan assets	0.79	0.70
c.	**Reconciliation of fair value of assets and obligations**		
	Fair value of plan assets	12.20	9.73
	Present value of obligation	14.20	11.49
	Amount Recognized in Balance Sheet	2.00	1.76
d.	**Expenses recognized during the year**		
	Current Service Cost	1.12	0.91
	Interest Cost	0.93	0.76
	Expected return on plan assets	(0.78)	(0.66)
	Actuarial(gain)/ loss	0.82	0.71
	Net Cost	2.09	1.72

Notes on Financial Statements for the year ended 31st March, 2017

32. EMPLOYEE BENEFITS: (contd.)

(₹ in Crs.)

Particulars		Gratuity (funded) 2016-17	Gratuity (funded) 2015-16
e.	**Investment Details**		
	L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
f.	**Actuarial assumptions**		
	Mortality Table (L.I.C.)	1994-96 (Ultimate)	1994-96 (Ultimate)
	Discount rate (per annum)	7.57%	8.07%
	Expected rate of return on plan assets (per annum)	7.57%	8.07%
	Rate of escalation in Salary (per annum)	5.00%	5.00%

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion, other relevant factor's including supply and demand in the employment market. The above information is certified by the actuary.

Leave Encashment:

Leave Encashment liability amounting to ₹6.42 Crs (previous year ₹5.83 Crs) has been provided in the Books of Accounts.

33. DERIVATIVES & FORWARD CONTRACT INSTRUMENTS:

(A) The Company uses Forward Exchange Contract to hedge against its Foreign Exchange exposures relating to underlying transactions and firm commitments. The Company does not enter into any derivatives instruments for Trading or Speculative purposes.

As at 31st March, 2017 the Company had hedged in aggregate an amount of ₹32.42 Crs (previous year ₹102.86 Crs) out of its annual trade related operations (Exports & Imports) aggregating to ₹1,976.60 Crs (previous year ₹1,663.09 Crs).

The Company had hedged its currency risks to the tune of ₹13.42 Crs (previous year ₹30.30 Crs), in respect of its long term Foreign Currency Loans/Borrowings. Relating to the same, the Company had also swapped its floating interest rate borrowing of ₹37.95 Crs (previous year ₹78.55 Crs) into a fixed rate loan through an interest rate swap.

(B) Net foreign exchange gain arriving out of export and import activities of the Company of ₹16.41 Crs (previous year loss of ₹4.54 Crs) is included in Profit& Loss Account.

34. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013.

(₹ in Crs.)

Particulars		Financial Year 2016-17	Financial Year 2015-16
(A)	**Details of Raw Material Consumption :**		
	Benzene	373.17	327.43
	Concentrated Nitric Acid (C.N.A.)	100.19	91.63
	Aniline	85.90	71.89
	Alpha Olifine (AO)	55.90	68.72
	Sulphur	45.17	67.60
	Phthalic Anhydride	40.62	40.71
	Others	521.33	509.04
	TOTAL	**1,222.28**	**1,177.02**

Notes on Financial Statements for the year ended 31st March, 2017

34. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013. (contd.)

(₹ in Crs.)

Particulars	Financial Year 2016-17	Financial Year 2015-16
(B) Sales of Products :		
Speciality Chemicals	2,456.05	2,357.40
Pharmaceuticals	426.07	425.76
Home & Personal Care Chemicals	168.10	150.47
TOTAL	**3,050.22**	**2,933.63**
(C) Details of Trading Purchases:		
Diethyl Phthalate	13.59	21.73
Ortho Anisidine	17.18	18.28
Phthalic Anhydride	6.42	17.39
Para Nitro Aniline	12.67	10.70
Others	54.38	46.23
TOTAL	**104.24**	**114.33**
(D) Value and percentage of Raw Materials and Stores and Spares consumed:		
Raw Materials:		
Indigenous	907.30	887.83
	74.23%	75.43%
Imported	314.98	289.19
	25.77%	24.57%
TOTAL	**1,222.28**	**1,177.02**
	100.00%	**100.00%**
Stores and Spares:		
Indigenous	57.77	57.58
	99.11%	99.21%
Imported	0.52	0.46
	0.89%	0.79%
TOTAL	**58.29**	**58.04**
	100.00%	**100.00%**
Fuel:		
Indigenous	48.79	39.11
	54.04%	46.83%
Imported	41.49	44.40
	45.96%	53.17%
TOTAL	**90.28**	**83.51**
	100.00%	**100.00%**

Notes on Financial Statements for the year ended 31st March, 2017

34. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013. (contd.)

(₹ in Crs.)

Particulars		Financial Year 2016-17	Financial Year 2015-16
(E)	C.I.F. Value of Imports:		
	Capital Goods	86.64	34.31
	Raw Materials	373.80	266.77
	Stores and Spares	0.52	0.46
	Fuel	41.59	27.58
(F)	Expenditure in Foreign Currency:		
	Commission on Export Sales	4.32	6.96
	Import of Goods for Resale	5.15	10.42
	Other Expenses	43.82	33.08
(G)	Earnings in Foreign Currency:		
	F.O.B. Value of Export Sales	1,312.61	1,254.64

35. FAIR VALUE MEASUREMENTS:

Financial instruments by category

(₹ in Crs.)

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 1st April, 2015		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets									
At Amortised Cost									
Investments	31.77	-	-	31.76	-	-	62.60	-	-
Trade Receivables	547.37	-	-	522.81	-	-	466.82	-	-
Cash and Cash Equivalents	21.64	-	-	24.16	-	-	26.33	-	-
Other Financial Assets	231.70	-	-	225.50	-	-	245.17	-	-
At FVTOCI									
Investments	29.93	28.32	1.61	24.23	22.62	1.61	34.31	32.51	1.80
Financial Liabilities									
At Amortised Cost									
Borrowings	1,417.94	-	-	1,217.04	-	-	1,066.24	-	-
Trade Payables	294.87	-	-	298.92	-	-	252.66	-	-
Other Current Financial Liabilities	176.03	-	-	107.25	-	-	170.86	-	-

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Notes on Financial Statements for the year ended 31st March, 2017

36. CAPITAL MANAGEMENT:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as loans and borrowings less cash & marketable securities.

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Gross Debts	1,545.31	1,275.23	1,201.10
Less: Cash and Marketable Securities	(49.96)	(46.78)	(58.83)
Net Debt (A)	**1,495.35**	**1,228.45**	**1,142.27**
Total Equity (B)	**1,310.09**	**1,093.69**	**960.17**
Net Gearing ratio (A/B)	**1.14**	**1.12**	**1.19**

Dividends

(₹ in Crs.)

Particulars		As at 31st March, 2017	As at 31st March, 2016
(i)	**Equity shares**		
	Final dividend for the year ended 31st March 2016 of ₹NIL per fully paid share	NIL	NIL
(ii)	**Dividends not recognized at the end of the reporting period**		
	In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹1 (31st March 2016 ₹NIL) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	8.21	NIL

37. FINANCIAL RISK MANAGEMENT:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to AIL.

Notes on Financial Statements for the year ended 31st March, 2017

Credit risk management

To manage the credit risk, the Company follows a adequate credit control policy and also has an external credit insurance cover with ECGC policy wherein the customers are required to make an advance payment before procurement of goods. Thus, the requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government/statutory agencies.

II. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

(a) Liquidity risk management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at 31st March 2017

Maturities of non-derivative financial liabilities

(₹ in Crs.)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	294.87	-	-	294.87
Other financial liabilities	998.37	595.60	-	1,593.97
Total	**1,293.24**	**595.60**	**-**	**1,888.84**

As at 31st March 2016

Maturities of non-derivative financial liabilities

(₹ in Crs.)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	298.92	-	-	298.92
Other financial liabilities	798.93	525.36	-	1,324.29
Total	**1,097.85**	**525.36**	**-**	**1,623.21**

As at 1st April 2015

Maturities of non-derivative financial liabilities

(₹ in Crs.)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	252.66	-	-	252.66
Other financial liabilities	818.00	419.10	-	1,237.10
Total	**1,070.66**	**419.10**	**-**	**1,489.76**

III. Market risk

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net sales are hedged by forward Contract.

Notes on Financial Statements for the year ended 31st March, 2017

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

38. EQUITY RECONCILITIAON:

A. **Reconciliation of the net profits to those reported under previous Generally Accepted Accounting Principles (GAAP) are summarized as follow:**

(₹ in Crs.)

Particulars	Note No.	For the year ended 31st March, 2016
Net Profit as per previous GAAP		252.43
Other Comprehensive Income (Net of Tax)	1	(10.08)
Total Comprehensive Income		**242.35**

B. **Reconciliation of Equity as reported under previous Generally Accepted Accounting Principles (GAAP) are summarized as follow**:

(₹ in Crs.)

Particulars	Note No.	As at 31st March, 2016	As at 1st April, 2015
Equity reported as per previous GAAP		1,070.10	907.84
Impact of measuring Investments at Fair Value - through Other Comprehensive Income (Net of tax)	1	23.59	33.67
Proposed Dividend including Tax		-	18.66
Equity reported as per IND AS		**1,093.69**	**960.17**

Note:

1 Under previous GAAP, non-current Investments were stated at cost. Where applicable, provision was made to recognize a decline, other than temporary, in valuation of such Investments. Under Ind AS, financial assets in equity instruments have been classified as Fair Value through Other Comprehensive Income (FVTOCI) through an irrevocable election at the date of transition.

39. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and Managing Director

Rashesh C. Gogri
Vice Chairman and Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Cash Flow Statement for the year ended 31st March, 2017

(₹ in Crs.)

	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	378.74	331.25
	Adjustments for:		
	Interest and Finance Charges Paid	117.38	115.90
	Depreciation	114.80	92.69
		610.92	**539.84**
	Profit on Sale of Assets/Investment	(0.79)	(0.54)
	Dividend Received	(0.61)	(8.65)
	Lease Rent Received	(0.26)	(0.24)
	Operating Profit before Working Capital Changes	**609.26**	**530.41**
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	(34.37)	(22.67)
	(Increase)/Decrease in Trade Payables and Other Current Liabilities	(4.45)	55.30
	(Increase)/Decrease in Inventories	(72.35)	69.63
	Cash Generated from Operations	498.09	632.67
	Direct Taxes Paid	(87.28)	(82.90)
	Net Cash Flow from Operating Activities (A)	**410.81**	**549.77**
B.	**Cash Flow from Investing Activities:**		
	Addition to Fixed Assets/Capital WIP	(471.84)	(434.85)
	Sale/Written off of Fixed Assets	0.32	1.36
	(Increase)/Decrease in Other Investments	0.62	(3.37)
	(Increase)/Decrease in Investments in Subsidiary Companies	0.00	(1.11)
	Dividend Received from Other Investments	0.00	8.16
	Dividend Received from Subsidiary Companies	0.61	0.49
	Lease Rent Received	0.26	0.24
	Net Cash Flow from Investing Activities (B)	**(470.03)**	**(429.08)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds of Long-Term Borrowings	200.04	201.13
	Repayment of Long-Term Borrowings	(60.44)	(171.54)
	Proceeds/(Repayment) of Other Borrowings	130.48	44.54
	Interest and Finance Charges Paid	(117.38)	(115.90)
	Reduction in Equity due to Buy-back	(96.00)	NIL
	Dividend Paid	NIL	(86.03)
	Net Cash Flow from Financing Activities (C)	**56.70**	**(127.80)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(2.52)**	**(7.11)**
	Cash and Cash Equivalents (Opening Balance)	24.16	26.33
	Cash and Cash Equivalents (Opening Balance of Merged Co.)	0.00	4.94
	Cash and Cash Equivalents (Closing Balance)	21.64	24.16

Notes: (i) Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.
(ii) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and Managing Director

Rashesh C. Gogri
Vice Chairman and Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Independent Auditor's Report

To the Board of Directors of
Aarti Industries Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of AARTI INDUSTRIES LIMITED ("the company") and its subsidiaries, which comprise the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity 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 Ind AS financial statements that give a true and fair view of consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and the consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the relevant rules issued thereunder.

The respective Board of Directors of the Company including its subsidiaries 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, accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Company's Directors, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 there under.

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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 Ind AS 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 Ind AS 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 Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors 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 Ind AS 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 auditors on the financial statements/financial information of the subsidiaries as noted below, the consolidated Ind AS 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 subsidiaries as at 31st March 2017, consolidated profit (including total comprehensive income), consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements/financial information of six subsidiaries whose financial statements/ financial information reflect total assets of ₹ 284.62 crores as at 31st March 2017, total revenues of ₹ 232.13 crores and net cash inflows amounting to ₹ 2.24 crores for the year then ended 31st March, 2017 as considered in the consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries are based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS 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 auditors 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 Ind AS 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 subsidiaries have been received.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity 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 subsidiaries respectively for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated Ind AS 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

2017 taken on record by the Company's Directors and the relevant assertion contained in the reports of the statutory auditors of its subsidiaries incorporated in India, none of the directors of the Company, subsidiaries incorporated in India is disqualified as on 31st March 2017 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 subsidiaries and the operating effectiveness of such controls, refer to our separate report in "Annexure A";

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 2017 which would impact the consolidated financial position. Refer note no 25 of the Consolidated Financial Statements.

   ii. The Company, along with subsidiaries did not have any material foreseeable losses on long-term contracts including derivative contracts.

   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 subsidiaries.

   iv. The Company has provided requisite disclosures in the consolidated Ind AS financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and further these are in accordance with books of accounts maintained by the Company and as produced to us by the management. Refer Note 6 to the consolidated Ind AS financial statements

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

CA TEJAS. J. PARIKH
PARTNER
Membership No: 123215

Place: Mumbai
Date: 19th May, 2017

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS 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 2017, we have audited the internal financial controls over financial reporting of Aarti Industries Limited (hereinafter referred to as "the Company") and its subsidiaries, 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 subsidiaries, incorporated in India are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company and its subsidiaries 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company and its subsidiaries, 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 subsidiaries 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 authorizations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 subsidiaries, incorporated in India 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 31st March 2017, 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 four subsidiaries, which are companies incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

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

CA TEJAS. J. PARIKH
PARTNER
Membership No: 123215

Place: Mumbai
Date: 19th May, 2017

Consolidated Balance Sheet as at 31st March, 2017

(₹ in Crs.)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	1	1,694.90	1,245.54	966.89
Capital Work-in-Progress	1	269.52	313.01	192.97
Goodwill	1	0.42	0.42	0.04
Other Intangible Assets	1	1.70	NIL	NIL
Financial Assets				
Investments	2	46.96	41.26	172.87
Other Non-Current Assets	3	168.36	132.26	103.27
Total Non-Current Assets		**2,181.86**	**1,732.49**	**1,436.04**
Current Assets				
Inventories	4	571.41	495.19	551.73
Financial Assets				
Trade Receivables	5	524.67	523.40	438.98
Cash and Cash Equivalents	6	28.50	28.99	33.71
Others Current Financial Assets	7	168.70	167.92	172.93
Other Current Assets	8	23.91	18.49	32.31
Total Current Assets		**1,317.19**	**1,233.99**	**1,229.66**
TOTAL ASSETS		**3,499.05**	**2,966.48**	**2,665.70**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	9	41.06	41.66	44.30
Other Equity	10	1,321.41	1,095.64	1,025.27
Non Controlling Interest		63.85	52.09	5.86
Total Equity		**1,426.32**	**1,189.39**	**1,075.43**
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	11	596.44	526.76	419.06
Other Financial Liabilities	12	0.45	0.18	0.18
Deferred Tax Liabilities (Net)	13	155.44	127.06	102.66
Total Non-Current Liabilities		**752.33**	**654.00**	**521.90**
Current Liabilities				
Financial Liabilities				
Borrowings	14	839.29	706.40	648.32
Trade Payables		299.72	305.19	248.83
Other Current Liabilities	15	153.56	91.00	156.60
Provisions	16	27.83	20.50	14.62
Total Current Liabilities		**1,320.40**	**1,123.09**	**1,068.37**
Total Liabilities		**2,072.73**	**1,777.09**	**1,590.27**
TOTAL EQUITY AND LIBILITIES		**3,499.05**	**2,966.48**	**2,665.70**
Summary of Significant Accounting Policies and other Explanatory Information	**25-33**			

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and Managing Director

Rashesh C. Gogri
Vice Chairman and Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Consolidated Statement of Profit & Loss for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
REVENUE			
Revenue from Operations	17	3163.46	3006.59
Other Income	18	1.96	5.94
Total Revenue		**3165.42**	**3012.53**
EXPENSES			
Cost of Materials Consumed (Incl. Packing Material, Fuel, Stores & Spares)	19	1673.13	1603.50
Purchases of Stock-in-Trade		101.77	114.99
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	20	(31.62)	49.30
Employee Benefits Expense	21	152.28	120.70
Finance Costs	22	117.34	116.98
Depreciation and Amortisation Expenses	1	122.52	98.50
Other Expenses	23	614.42	545.83
Total Expenses		**2749.84**	**2649.80**
PROFIT BEFORE TAX		**415.60**	**362.73**
TAX EXPENSES			
Current Year Tax		84.62	74.35
Earlier Year Tax		0.21	21.28
MAT Credit Entitlement		(25.15)	(19.75)
Deferred Tax		28.38	18.75
Total Tax Expenses		**88.06**	**94.63**
PROFIT AFTER TAX BEFORE NON CONTROLLING INTEREST AND SHARE OF PROFIT/(LOSS) OF ASSOCIATES		**327.54**	**268.10**
Profit attributable to Non Controlling Interest		**(11.76)**	**(11.22)**
Share of Profit/(Loss) of Associates		**NIL**	**NIL**
Profit/(Loss) for the period		**315.78**	**256.88**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
Fair value of investment		5.72	(10.78)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**321.50**	**246.10**
Earnings Per Equity Share (EPS) (in ₹)	24		
Basic/Diluted		38.45	30.83
Summary of Significant Accounting Policies and other Explanatory Information	25-33		

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and Managing Director

Rashesh C. Gogri
Vice Chairman and Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

AARTI INDUSTRIES LIMITED

Statement of Changes in Equity for the year ended 31st March, 2017

A. EQUITY SHARE CAPITAL

(₹ in Crs)

As at 1st April, 2015	44.30
Changes in equity share capital during the year 2015-16	(2.64)
As at 31st March, 2016	**41.66**
Changes in equity share capital during the year 2016-17	(0.60)
As at 31st March, 2017	**41.06**

B. OTHER EQUITY

(₹ in Crs)

Particulars	Other Equity												Other Comprehensive Income	Total Other Equity
	Reserves and Surplus													
	Capital Reserve	Capital Redemption Reserve	Capital Reserve on Consolidation	Securities Premium Account	Debenture Redumption Reserve	Amalgamation Reserve	General Reserve	State Investment Subsidy	Forfeiture Reserve	Revaluation Reserve	RBI Reserve U/s 45(IC)	Retained Earnings		
As at 1st April, 2015	**69.38**	**0.55**	**4.53**	**22.42**	**30.00**	**10.77**	**141.14**	**0.52**	**1.85**	**0.54**	**1.43**	**708.47**	**33.67**	**1,025.27**
Pursuant to the scheme of Amalgamation	(56.14)	0.72	-	0.94	-	(10.77)	2.30	-	-	-	-	(0.49)	-	(63.44)
Adjustment on Consolidation	-	-	(4.53)	-	-	0.00	-	-	-	-	-	(2.47)	-	(7.00)
Transfer to Other Reserves from Retained Earnings	-	-	-	-	30.00	-	27.79	-	-	-	0.48	(58.27)	-	NIL
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	256.88	-	256.88
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	(94.85)	-	(94.85)
Tax on Dividend	-		-								-	(19.55)	-	(19.55)
Intergroup Dividend	-	-	-	-	-	-	-	-	-	-	-	9.98	-	9.98
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	-	-	-	(0.78)	-	(0.78)
Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	(0.09)	-	(0.09)
Other Comprehensive Income	-	-		-	-	-	-	-	-	-		-	(10.78)	(10.78)
Balance as at 31st March, 2016	**13.24**	**1.27**	**NIL**	**23.36**	**60.00**	**NIL**	**171.23**	**0.52**	**1.85**	**0.54**	**1.91**	**798.83**	**22.89**	**1,095.64**
Transfer to/(from) Other Reserves	0.52	-	-	-	-	-	-	(0.52)	-	-	-	-	-	NIL
Upon buyback of shares	-	0.60	-	(21.99)	-	-	(74.01)	-	-	-	-	-	-	(95.40)
Transfer to Other Reserves from Retained Earnings	-	-	-	-	30.00	-	33.75	-	-	-	0.11	(63.86)	-	NIL
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	(1.81)	-	(1.81)
Tax on Dividend	-	-	-	-	-	-	-	-	-	-	-	(0.24)	-	(0.24)
Intergroup Dividend	-	-	-	-	-	-	-	-	-	-	-	1.21	-	1.21
Adjustment on Consolidation	-	-	-	-	-	-	-	-	-	-	-	0.43	-	0.43
Foreign Exchange Difference on Translation	-	-	-	-	-	-	-	-	-	-	-	0.08	-	0.08
Profit for the Period	-	-	-	-	-	-	-	-	-	-	-	315.78	-	315.78
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	5.72	5.72
Balance as at 31st March, 2017	**13.76**	**1.87**	**NIL**	**1.37**	**90.00**	**NIL**	**130.97**	**NIL**	**1.85**	**0.54**	**2.02**	**1,050.42**	**28.61**	**1,321.41**

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and Managing Director

Rashesh C. Gogri
Vice Chairman and Managing Director

Shantilal T. Shah
Vice Chairman

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Place: Mumbai
Date: May 19, 2017

Significant Accounting Policies:

(a) Background:

Name of the Subsidiary		Country of Incorporation	Proportion of Ownership Interest (%)
Indian Subsidiary:			
(i)	Aarti Corporate Services Ltd	India	100.00%
(ii)	Nascent Chemical Industries Ltd (Through its holding Company: Aarti Corporate Services Ltd)	India	50.49%
(iii)	Shanti Intermediates Private Ltd (Through its holding Company: Aarti Corporate Services Ltd)	India	100.00%
(iv)	Innovative Envirocare Jhagadia Limited	India	100.00%
(v)	Ganesh Polychem Ltd.	India	50.24%
Foreign Subsidiary:			
(vi)	Alchemie (Europe) Limited	United Kingdom	88.89%
(vii)	Aarti USA Inc.	USA	100.00%

(b) Accounting Basis:

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

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and amended by the Companies (Indian Accounting Standards) {Amendment} Rules, 2016.

These consolidated financial statements are the Group`s first Ind AS consolidated financial statements. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

(c) Principles of Consolidation :

(i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard 110 - Consolidated Financial Statements & Indian Accounting Standard 28 -Accounting for Investments in Associates in Consolidated Financial Statements.

(ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and Subsidiary Companies drawn up to the same reporting date i.e 31^{st} March, 2017.

(iii) In case of Foreign Subsidiary, revenue items are consolidated at the average rate prevailing during the period. All Assets (except Fixed Assets) and liabilities are converted at the rates, prevailing at the end of the year. In case of Fixed Assets, the same is consolidated at the rate applicable in the year of acquisition of the said assets. Any exchange difference arising on consolidation is recognised as Translation difference in Reserves & Surplus.

(iv) The consolidation of financial statements of the Parent Company and its Subsidiaries is done on line by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

(v) Non-Controlling interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.

(vi) As far as possible, the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.

(vii) Investments in Associates are accounted for using equity method in accordance with Indian Accounting Standard 28 (Ind AS-23) "Accounting for Investment in Associates in Consolidated Financial Statements" under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses are recouped.

(d) Revenue Recognition:

(i) Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Conversion, Sale of Scrap and obsolete stores is accounted for at the time of disposal.

(ii) Export entitlements are recognized on realization.

(iii) Revenue in respect of Interest, Insurance claims are recognized on the time proportion method.

(iv) Subsidy from Department of Fertilizers is recognised, based on the eligible quantities supplied by the company, at the rates as notified/announced by the Government of India.

(e) Property, Plant and Equipment and Depreciation:

(i) Property, Plant and Equipment (PPE)

On adoption of Ind AS, the Company retained the carrying value for all of its property, plant and equipment as recongnised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used that as its deemed cost as permitted by Ind AS 101, 'First-time Adoption of Indian Accounting Standards'.

Fixed Assets are stated at cost of acquisition (net of CENVAT/VAT) inclusive of all expenditure of capital nature such as, inward freight, duties & taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

(ii) Depreciation

(A) Depreciation on Fixed Assets other than Leasehold Land and those mentioned above are provided under Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 till FY 2013-14. Further in case of Assets installed by the company in one plant, taken on operating lease, the Depreciation was provided on Reducing Balance Method at the rate prescribed under Schedule XIV of the Companies Act, 1956 till FY 2013-14.

(B) Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs effective 1st April 2014, the management has reassessed and changed based on an independent technical estimates, wherever necessary, the useful lives to compute depreciation, to confirm to the requirements of the Companies Act, 2013. The revised useful life for various class of assets is as follows:

Particulars	Depreciation/Amortisation
(i) Leasehold Land	Over the remaining tenure of lease
(ii) Building	Over a period of 19 years
(iii) Residential Quarters	Over a period of 30 years
(iv) Plant & Equipment	Over its useful life as technically assessed, i.e over a period of 9 - 19 years, based on the type of processes and equipments installed.
(v) Computers	Over a period of 3 years
(vi) Furniture and Fixtures	Over a period of 10 years
(vii) Vehicles	Over a period of 7 years

(C) Product/Process Development Expenses are amortized over the estimated useful life of the product.

(iii) Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an assets 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.

(f) Investments:

(i) Investments in subsidiaries and associates are measured at cost.

(ii) Other investments are measured at fair value through Other Comprehensive Income'.

(g) Valuation of Inventories:

Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

(i) Raw Materials, Packing Material, Stores and Spares - At cost on Weighted Average basis.

(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.

(h) Retirement Benefits:

Employee benefits are charged off in the year in which the employee has rendered services.

(i) Foreign Currency Transactions:

Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are dealt with in the Profit and Loss Account, except in case of long-term loans, where they relate to acquisition of fixed asset, in which case they are adjusted to the carrying cost of such assets. The premium in case of future contracts is dealt with in the Profit and Loss Account proportionately over the period of the contracts.

(j) Research and Development:

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. 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.

(k) Operating Lease:

Operating Lease payments are recognized as an expense in the Profit & Loss Account of the year to which they relate.

(l) Deferred Revenue Expenditure:

Deferred Revenue Expenditure is amortized over the period of the agreement on pro rata basis.

(m) Income Taxes:

Tax expense comprises 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 Indian Income Tax Act.

Deferred Tax reflects the impact of timing differences between Taxable Income and Accounting Income for the year and reversal of timing differences of earlier years. Deferred Tax is measured on the basis of Tax Rates and Tax Laws enacted or substantively enacted at the Balance Sheet. Deferred Tax Assets are recognized only if there is reasonable certainty of their realization except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognized only if there is virtual certainty of their realization.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date.

(n) Borrowing Costs:

Borrowing cost directly related to the acquisition or construction of an asset is capitalized as part of the cost of that asset. Other borrowing costs are charged to the Profit and Loss Account.

(o) Provisions and Contingent Liabilities:

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a Cash Outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a Cash Outflow will not be required to settle the obligation.

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

1. PROPERTY, PLANT AND EQUIPMENT:

(₹ in Crs.)

F.Y. 2016-17	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	Balance as at 1st April, 2016	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2017	Balance as at 1st April, 2016	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2017	Balance as at 31st March, 2017	Balance as at 31st March, 2016
(i) Tangible Assets										
Free hold Land	3.68	NIL	NIL	3.68	0.26	NIL	NIL	0.26	3.42	3.42
Lease Hold Land	55.88	61.67	NIL	115.55	3.38	0.54	NIL	3.92	111.63	50.50
Residential Flat	0.00	NIL	NIL	0.00	0.00	0.00	NIL	0.00	0.00	0.00
Buildings	161.00	59.97	NIL	220.97	43.79	9.90	NIL	53.69	167.28	117.21
Plant and Equipment	1,756.08	433.62	0.27	2,189.43	709.56	104.93	0.20	814.29	1,375.14	1,046.52
R&D Assets	23.07	10.25	NIL	33.32	9.34	2.57	NIL	11.91	21.41	13.73
Furniture and Fixtures	21.15	4.78	0.08	25.85	16.35	2.10	0.08	18.37	7.48	4.80
Vehicles	23.77	1.42	0.19	25.00	14.41	2.18	0.13	16.46	8.54	9.36
Total (i)	**2,042.63**	**571.71**	**0.54**	**2,613.80**	**797.09**	**122.22**	**0.41**	**918.90**	**1,694.90**	**1,245.54**
(ii) Intangible Assets										
Process Development	19.96	2.00	NIL	21.96	19.96	0.30	NIL	20.26	1.70	NIL
Technical Knowhow	1.38	NIL	NIL	1.38	1.38	NIL	NIL	1.38	NIL	NIL
Goodwill	6.19	NIL	NIL	6.19	6.19	NIL	NIL	6.19	NIL	NIL
Computer Software	0.38	NIL	NIL	0.38	0.38	NIL	NIL	0.38	NIL	NIL
Copyrights and Patents	9.66	NIL	NIL	9.66	9.66	NIL	NIL	9.66	NIL	NIL
Goodwill on Consolidation	1.24	NIL	NIL	1.24	0.82	NIL	NIL	0.82	0.42	0.42
Total (ii)	**38.81**	**2.00**	**NIL**	**40.81**	**38.39**	**0.30**	**NIL**	**38.69**	**2.12**	**0.42**
TOTAL (i+ii)	**2,081.44**	**573.71**	**0.54**	**2,654.61**	**835.48**	**122.52**	**0.41**	**957.59**	**1,697.02**	**1,245.96**
(iii) Capital Work-in-Progress									269.52	313.01

(₹ in Crs.)

F.Y. 2015-16	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
Particulars	Balance as at 1st April, 2015	Additions/ (Disposals)	Deduction/ Adjustment	Adjustment on Consolidation	Balance as at 31st March, 2016	Balance as at 1st April, 2015	Depreciation charge for the year	Deduction / Adjustment	Adjustment on Consolidation	Balance as at 31st March, 2016	Balance as at 31st March, 2016	Balance as at 31st March, 2015
(i) Tangible Assets												
Free hold Land	3.68	NIL	NIL	NIL	3.68	0.26	NIL	NIL	NIL	0.26	3.42	3.42
Lease Hold Land	42.17	2.42	NIL	9.29	54.88	2.66	0.41	NIL	0.31	3.38	50.50	39.51
Residential Flat	0.00	0.00	NIL	NIL	0.00	0.00	0.00	NIL	NIL	0.00	0.00	0.00
Buildings	123.61	36.00	NIL	1.39	161.00	35.97	7.35	(0.01)	0.46	43.79	117.21	87.64
Plant and Equipment	1,427.44	294.61	15.99	50.02	1,756.08	608.50	85.15	0.13	16.04	709.56	1,046.52	818.94
R&D Assets	15.49	7.58	NIL	NIL	23.07	7.65	1.69	NIL	NIL	9.34	13.73	7.84
Furniture and Fixtures	18.48	2.37	NIL	0.30	21.15	14.36	1.70	NIL	0.29	16.35	4.80	4.12
Vehicles	17.17	4.83	0.69	2.46	23.77	11.75	2.16	0.32	0.82	14.41	9.36	5.42
Total (i)	**1,648.04**	**347.81**	**16.68**	**63.46**	**2,042.63**	**681.15**	**98.46**	**0.44**	**17.92**	**797.09**	**1,245.54**	**966.89**
(ii) Intangible Assets												
Process Development	19.96	NIL	NIL	NIL	19.96	19.96	NIL	NIL	NIL	19.96	NIL	NIL
Technical Knowhow	0.08	NIL	NIL	1.30	1.38	0.08	NIL	NIL	1.30	1.38	NIL	NIL
Goodwill	6.16	NIL	NIL	0.03	6.19	6.16	NIL	NIL	0.03	6.19	NIL	NIL
Computer Software	0.38	NIL	NIL	NIL	0.38	0.34	0.04	NIL	NIL	0.38	NIL	0.04
Copyrights and Patents	9.66	NIL	NIL	NIL	9.66	9.66	NIL	NIL	NIL	9.66	NIL	NIL
Goodwill on Consolidation	0.82	0.42	NIL	NIL	1.24	0.82	NIL	NIL	NIL	0.82	0.42	NIL
Total (ii)	**37.06**	**0.42**	**NIL**	**1.33**	**38.81**	**37.02**	**0.04**	**NIL**	**1.33**	**38.39**	**0.42**	**0.04**
TOTAL (i+ii)	**1,685.10**	**348.23**	**16.68**	**64.79**	**2,081.44**	**718.17**	**98.50**	**0.44**	**19.25**	**835.48**	**1,245.96**	**966.93**
(iii) Capital Work-in-Progress											313.01	192.97

1.1 Gross Block of Plant & Equipment includes assets given on Lease with Gross Block ₹1.15 Crs (previous year ₹1.15 Crs)

1.2 Additions to Gross Block includes an amount of ₹5.16 Crs (previous year ₹7.20 Crs) being the net foreign exchange loss, arising on account of restatement and repayments of Long-term Foreign Currency Loans during the year.

1.3 Depreciation for Nascent Chemicals Industries Ltd. of ₹0.01 Crs (previous year ₹0.01 Crs) in respect of its revalued assets have been adjusted against itsRevaluation Reserve.

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

2. NON-CURRENT INVESTMENTS:

(₹ in Crs.)

Name of the Company	No. of Shares/ Units	As at 31st March, 2017	No. of Shares/ Units	As at 31st March, 2016	No. of Shares/ Units	As at 1st April, 2015
Trade Investments - (Quoted) in Equity Shares						
Aarti Drugs Ltd.	491,790	28.32	500,118	22.62	500,118	32.51
Bank of India	NIL	NIL	NIL	NIL	285	0.02
Glenmark Pharmaceuticals Ltd.	NIL	NIL	NIL	NIL	400	0.01
		28.32		**22.62**		**32.54**
Investments - (Unquoted) in Equity Shares of Associate Companies						
Ganesh Polychem Ltd.	NIL	NIL	NIL	NIL	3,068,257	48.50
Anushakti Holdings Ltd.	NIL	NIL	NIL	NIL	8,846,490	24.66
Anushakti Chemicals & Drugs Ltd.	NIL	NIL	NIL	NIL	15,529,136	51.39
Aarti Biotech Ltd.	NIL	NIL	NIL	NIL	421,700	0.09
Aarti Intermediates Pvt. Ltd.	NIL	NIL	NIL	NIL	22,125	0.00
Perfect Enviro Control Systems Ltd.	NIL	NIL	NIL	NIL	380,640	0.14
		NIL		**NIL**		**124.78**
Investments - (Unquoted) in Equity Shares of Other Companies						
Ichalkaranji Janata Sahakari Bank Ltd.	1,020	0.01	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Ltd.	61	0.01	61	0.01	61	0.01
Narmada Clean Tech Ltd.	287,550	0.13	287,550	0.13	102,230	0.13
Dilesh Roadlines Pvt. Ltd.	464,550	1.43	464,550	0.00	464,550	1.62
Indusken Pharmaceuticals Pvt. Ltd.	200,000	0.20	200,000	0.20	200,000	0.20
U.K.I.P. Co-Op. Soc. Ltd.	35	0.00	35	0.00	35	0.00
Aarti Ventures Ltd.	190,000	0.16	190,000	0.19	190,000	0.16
Tarapur Environment Protection Society	7,188	0.62	7,188	0.62	7,188	0.07
Derma Touch Inc.	125,000	1.34	125,000	1.34	NIL	NIL
Dispo Dyechem Ltd.	240,005	0.00	240,005	0.00	240,005	0.21
SBPP Bank Ltd.	783	0.01	783	0.01	783	0.01
Deltecs Infotech Pvt. Ltd.	853	0.11	858	0.11	858	0.28
Bewakoof Brands Pvt. Ltd.	4,033	0.75	4,033	0.75	4,033	0.57
Amarjyot Chemicals Ltd.	35,963	2.17	35,963	2.17	NIL	NIL
Polygomma Industries Pvt. Ltd.	72,336	0.32	72,336	0.32	72,336	0.77
Numbermask Digital Pvt. Ltd.	1,125	0.00	1,125	0.00	1,125	0.23
Trans Retail Ventures Pvt. Ltd.	28,796	0.03	28,796	1.29	6,566	1.08
Gujarat State Financial Corporation	NIL	NIL	300	0.00	300	0.00
Aarti Biotech Ltd.	421,700	0.10	421,700	0.10	421,700	NA
Aarti Intermediates Pvt. Ltd.	22,125	0.00	22,125	0.00	22,125	NA

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

2. NON-CURRENT INVESTMENTS: (contd.)

(₹ in Crs.)

Name of the Company	No. of Shares/ Units	As at 31st March, 2017	No. of Shares/ Units	As at 31st March, 2016	No. of Shares/ Units	As at 1st April, 2015
Perfect Enviro Control Systems Ltd.	380,640	0.18	380,640	0.18	380,640	NA
Amery Trading Pvt. Ltd.	NIL	NIL	NIL	NIL	5,000	0.01
Draagon Drugs Pvt. Ltd.	NIL	NIL	NIL	NIL	64,500	0.66
		7.57		**7.43**		**6.02**
Investments - (Unquoted) in Limited Liability Partnership						
Aarti Udyog Limited Liability Partnership	NA	3.80	NA	3.80	NA	3.80
		3.80		**3.80**		**3.80**
Investments - (Unquoted) in Unsecured Convertible Debentures						
Aarti Ventures Ltd.	727,000	7.27	727,000	7.27	575,000	5.75
		7.27		**7.27**		**5.75**
Investments - Mutual Funds						
IIFL Cash Opportunities Fund (Class B)	**NIL**	**NIL**	**136,819**	**0.14**	**NIL**	**NIL**
		NIL		**0.14**		**NIL**
TOTAL		**46.96**		**41.26**		**172.89**

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
3. OTHER NON-CURRENT ASSETS:			
a. Capital Advances	39.46	44.47	37.96
b. Other Deposits	30.32	30.70	20.37
Advance Tax and Tax Deducted at Source (Net of Provision)	98.58	57.09	44.94
TOTAL	**168.36**	**132.26**	**103.27**
4. INVENTORIES:			
a. Raw Materials and Components	192.36	160.53	161.68
b. Work-in-progress Finished Goods	162.37	141.97	173.53
c. Finished Goods	131.88	167.94	183.27
d. Stock-in-trade	51.01	3.73	2.47
e. Stores and spares	13.23	7.43	7.16
f. Fuel	15.35	9.03	20.14
g. Packing Materials	5.21	4.56	3.48
TOTAL	**571.41**	**495.19**	**551.73**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
5. TRADE RECEIVABLES:			
Trade receivables outstanding for a period less than six months:			
Unsecured, considered good	486.98	482.85	408.42
Trade receivables outstanding for a period exceeding six months:			
Unsecured, considered good	37.69	40.55	30.56
TOTAL	**524.67**	**523.40**	**438.98**
6. CASH AND CASH EQUIVALENTS:			
Cash on hand	0.62	1.16	1.4
Bank balance in Current Accounts	19.42	21.27	28.75
Bank deposits kept as Margin Money	6.38	3.68	1.56
Earmarked Balances (Unpaid Dividend Accounts)	2.08	2.88	2.00
TOTAL	**28.50**	**28.99**	**33.71**

The Ministry of Corporate Affairs (MCA) in its notification dated 30th March, 2017 amended Schedule III to the Companies Act, requiring companies to provide the following disclosure in the financial statements in respect of Specified Bank Notes(SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016 by the Holding Company & its Indian Subsidaries .

(₹ in Crs.)

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand as on 8th November, 2016	0.68	0.58	1.26
(+) Permitted receipts	*0.00	0.93	0.93
(-) Permitted payments	NIL	(0.79)	(0.79)
(-) Amount deposited in Banks	(0.68)	(0.01)	(0.69)
Closing cash in hand as on 30th December, 2016	**NIL**	**0.71**	**0.71**

* Permitted receipts in SBNs ₹25,000/- received from the Judicial Magistrate Class-I, Dhar, M.P., against Case No. 459/15.

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
7. OTHER CURRENT FINANCIAL ASSETS:			
Balances with Customs, Port Trust, Central Excise & Sales Tax Authorities	139.20	116.08	137.42
Loans Given to Employees	7.01	7.17	7.37
Loans Given to Others	22.49	44.67	28.14
TOTAL	**168.70**	**167.92**	**172.93**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
8. OTHER CURRENT ASSETS:			
Others Receivables	7.47	3.96	5.65
Prepaid Expenses	5.58	3.30	1.66
Subsidy Receivable	6.61	6.98	20.75
Insurance Claim Receivable	4.25	4.25	4.25
TOTAL	**23.91**	**18.49**	**32.31**

9. EQUITY SHARE CAPITAL:

(₹ in Crs.)

Particulars	No. of Shares	As at 31st March, 2017	No. of Shares	As at 31st March, 2016	No. of Shares	As at 1st April, 2015
Authorised Share Capital						
Equity Shares of ₹5/- each	230,150,320	115.08	230,150,320	115.08	125,000,000	62.50
Issued, Subscribed & Paid up						
Equity Shares of ₹5/- each fully paid up	82,120,383	41.06	83,320,383	41.66	88,591,687	44.30
TOTAL		**41.06**		**41.66**		**44.30**

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2017:

Particulars	No. of Shares outstanding		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Equity Shares at the beginning of the year	83,320,383	88,591,687	88,591,687
Add: Shares issued during the year pursuant to the Scheme of Amalgamation	NIL	16,726,401	NIL
Less: Shares cancelled during the year pursuant to the Scheme of Amalgamation	NIL	21,997,705	NIL
Less: Shares buy back during the year	1,200,000	NIL	NIL
Equity Shares at the end of the year	**82,120,383**	**83,320,383**	**88,591,687**

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Chandrakant Vallabhai Gogri	7,404,834	9.02	2,494,234	2.99	1,851,727	2.09
HDFC Trustee Company Ltd.	6,267,393	7.63	6,098,810	7.32	6,480,510	7.32
Rashesh Chandrakant Gogri	4,797,248	5.84	6,214,118	7.46	3,964,221	4.47
Hetal Gogri Gala	2,977,894	3.63	6,056,319	7.27	3,703,689	4.18
Anushakti Holding Ltd.	NIL	N.A.	NIL	N.A.	7,085,301	8.00
Gogri and Sons Investments Pvt. Ltd.	NIL	N.A.	NIL	N.A.	5,973,773	6.74
Alchemie Leasing & Financing Pvt. Ltd.	NIL	N.A.	NIL	N.A.	5,309,098	5.99

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

9.3 The details of Equity Shares outstanding during last 5 years:

Particulars	Financial Year				
	2016-17	2015-16	2014-15	2013-14	2012-13
No. of Equity Shares outstanding (Refer Note No. 9.4)	82,120,383	83,320,383	88,591,687	88,591,687	79,120,073

9.4 Note on Issued, Subscribed and Paid up Equity Share Capital:

[a] 843,649 (previous year 8,43,649) were issued to Shareholders of Surfactant Specialities Ltd. pursuant to its Merger with the Company.

[b] 42,000 (previous year 42,000) were issued to Shareholders of Avinash Drugs Ltd. pursuant to its Merger with the Company.

[c] 3,025,000 (previous year 3,025,000) were issued towards Preferential allotment at a premium of ₹30.65 paise to Warrantholders.

[d] 2,400,000 (previous year 2,400,000) have been issued towards Preferential allotment at a premium of ₹53/- to Warrantholders.

[e] 9,471,614 (previous year 9,471,614) were issued to Shareholders of Anushakti Chemicals & Drugs Ltd. pursuant to its Scheme of arrangement with the Company.

[f] 1,67,26,401 (previous year 1,67,26,401) were issued to Shareholders of Anushakti Chemicals & Drugs Ltd, Anushakti Holdings Ltd, Gogri and Sons Investments Pvt Ltd, and Alchemie Leasing & Financing Pvt. Ltd. pursuant to the Scheme of Amalgamation with the Company & 2,19,97,705 (previous year 2,19,97,705) being held by them as investments had been cancelled. Hence on net basis 52,71,304 shares of the company has been cancelled.

[g] 12,00,000 (previous year NIL) were brought back at a premium of ₹795/-

10. OTHER EQUITY:

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
a. Capital Reserves			
Opening Balance	13.24	69.38	69.22
Addition:			
Pursuant to the Scheme of Amalgamation	NIL	0.10	0.16
Transferred from State Investment Subsidy Reserve	0.52	NIL	NIL
Deduction:			
Pursuant to the Scheme of Amalgamation	NIL	56.24	NIL
Closing Balance	**13.76**	**13.24**	**69.38**
b. Capital Redemption Reserve			
Opening Balance	1.27	0.55	0.55
Addition			
Pursuant to the Scheme of Amalgamation	NIL	0.72	NIL
Upon buy-back of Shares	0.60	NIL	NIL
Deduction	NIL	NIL	NIL
Closing Balance	**1.87**	**1.27**	**0.55**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

10. OTHER EQUITY: (contd.)

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
c. Securities Premium Account			
Opening Balance	23.36	22.42	21.99
Addition	NIL	0.94	0.43
Deduction: upon buyback of shares	21.99	NIL	NIL
Closing Balance	**1.37**	**23.36**	**22.42**
d. Debenture Redemption Reserve			
Opening Balance	60.00	30.00	NIL
Addition: Transferred from Profit & Loss Account	30.00	30.00	30.00
Deduction	NIL	NIL	NIL
Closing Balance	**90.00**	**60.00**	**30.00**
e. Amalgamation Reserve			
Opening Balance	NIL	10.77	10.77
Addition	NIL	NIL	NIL
Deduction: Pursuant to Scheme of Amalgmation	NIL	10.77	NIL
Closing Balance	**NIL**	**NIL**	**10.77**
f. RBI Reserve U/s 45 (IC)			
Opening Balance	1.91	1.43	0.58
Addition: Transferred from Profit & Loss Account	0.11	0.48	0.85
Deduction:	NIL	NIL	NIL
Closing Balance	**2.02**	**1.91**	**1.43**
g. General Reserve			
Opening Balance	171.23	141.14	122.14
Addition:			
Pursuant to the Scheme of Amalgamation	NIL	2.30	NIL
Transferred from Profit & Loss Account	33.75	27.79	19.00
Deduction: upon buyback of shares	74.01	NIL	NIL
Closing Balance	**130.97**	**171.23**	**141.14**
h. Profit and Loss Account			
Opening balance	798.83	708.47	594.21
Addition:			
Net Profit/(Loss) for the year	315.78	256.88	205.88
Deduction:			
1st Interim Dividend	1.81	31.73	21.44
2nd Interim Dividend	NIL	17.26	13.89

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

10. OTHER EQUITY: (contd.)

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
3rd Interim Dividend	NIL	29.16	NIL
Proposed Dividend	NIL	16.70	NIL
Tax on Dividend	0.24	19.55	6.88
Other Adjustment	NIL	0.09	NIL
Adjustment on account of Merger	NIL	0.49	0.16
Adjustment on Consolidation	(0.43)	2.47	0.48
Foreign Exchange Differnce on Translation	(0.08)	0.78	(0.18)
Intergroup Dividend	(1.21)	(9.98)	(0.90)
Transferred to Reserves	63.86	58.27	49.85
Closing Balance	**1,050.42**	**798.83**	**708.47**
i. Other Reserves			
State Investment Subsidy	NIL	0.52	0.52
Revaluation Reserve	0.53	0.54	0.54
Forfeiture Reserve	1.85	1.85	1.85
Capital Reserve on Consolidation	NIL	NIL	4.53
Closing Balance	**2.38**	**2.91**	**7.44**
j. Other Comprehensive Income			
Opening Balance	22.90	33.67	NIL
OCI for the year	5.72	(10.78)	33.67
Closing Balance	**28.62**	**22.89**	**33.67**
TOTAL	**1,321.41**	**1,095.64**	**1,025.27**

11. NON-CURRENT BORROWINGS:

(₹ in Crs.)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Secured						
(a) Non Convertible Debentures (NCDs)	200.00	NIL	200.00	NIL	200	NIL
(b) ECB/Term loans from Banks/Financial Institutions	395.56	127.26	324.98	57.54	218.24	134.15
(c) Vehicle Loans from Banks/Financial Institutions	0.88	0.86	1.78	0.91	0.82	0.72
TOTAL	**596.44**	**128.12**	**526.76**	**58.45**	**419.06**	**134.87**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
12. OTHER FINANCIAL LIABILITIES:			
Unsecured Loan From Others	0.45	0.18	0.18
TOTAL	**0.45**	**0.18**	**0.18**
13. DEFERRED TAX LIABILITIES (NET):			
Deferred Tax Liabilities	127.06	102.66	84.66
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws	30.32	24.73	18.74
Deferred Tax Assets			
Items allowed for tax purpose on payment	(1.94)	(0.33)	(0.74)
Deferred Tax Liabilities (Net)	**155.44**	**127.06**	**102.66**
14. SHORT-TERM BORROWINGS:			
Secured			
Working Capital Loan From Banks	749.69	687.59	604.62
	749.69	**687.59**	**604.62**
Unsecured			
From Banks	88.46	17.23	42.70
From Other	1.14	1.58	1.00
	89.60	**18.81**	**43.70**
TOTAL	**839.29**	**706.40**	**648.32**
15. OTHER CURRENT LIABILITIES:			
(a) Current maturities of Long-Term Debt	127.26	57.54	134.15
(b) Current maturities of Vehicle Loan	0.86	0.91	0.72
(c) Interest accrued but not due on borrowings	18.61	18.93	15.76
(d) Unpaid Dividends	2.08	2.88	2.00
(e) Deposits	0.17	0.16	0.16
(f) Sales Tax Deferred Liability	0.15	0.15	0.29
(g) Other Current Liabilities & Taxes	4.43	10.43	3.52
TOTAL	**153.56**	**91.00**	**156.60**
16. SHORT-TERM PROVISIONS:			
Provision for			
Employees' Benefits	26.71	20.50	14.62
Others	1.12	NIL	NIL
TOTAL	**27.83**	**20.50**	**14.62**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
17.	REVENUE FROM OPERATIONS:		
	Sale of Products	3,105.63	2,945.88
	Sale of Services	9.00	10.33
	Other Operating Revenues (Refer Note No. 17.1)	48.83	50.38
	GROSS REVENUE OPERATIONS	**3,163.46**	**3,006.59**
17.1	OTHER OPERATING REVENUES:		
	Fertilizers Subsidy Received	19.67	24.66
	Export Benefits/Incentives	22.43	21.07
	Scrap Sales	5.00	4.65
	VAT Refund Received	1.73	NIL
	TOTAL	**48.83**	**50.38**
18.	OTHER INCOME:		
	Dividend Received	0.00	1.65
	Profit on Sale of Assets/Investment	0.80	0.69
	Lease Rent Income	0.25	0.24
	Other Income	0.91	3.36
	TOTAL	**1.96**	**5.94**
19.	COST OF MATERIALS CONSUMED:		
	Consumption of Raw Materials	1,465.48	1,409.03
	Consumption of Packing Materials	37.66	34.39
	Consumption of Fuel	110.63	100.37
	Consumption of Stores & Spares	59.36	59.71
	TOTAL	**1,673.13**	**1,603.50**
20.	CHANGE IN INVENTORY:		
	Opening Stock		
	Finished Goods	171.67	188.10
	Work-in-Progress	141.97	176.11
	Total (A)	**313.64**	**364.21**
	Closing Stock		
	Finished Goods	182.89	172.94
	Work-in-Progress	162.37	141.97
	Total (B)	**345.26**	**314.91**
	TOTAL (A-B)	**(31.62)**	**49.30**

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
21. EMPLOYEE BENEFITS:		
Salaries, Wages & Bonus	137.01	108.16
Contribution to PF and other Funds	8.10	6.20
Workmen & Staff Welfare Expenses	7.17	6.34
TOTAL	**152.28**	**120.70**
22. FINANCE COST:		
Interest on NCD's	23.50	23.50
Other Interest Expenses	87.40	84.86
Other Borrowing Costs	6.44	8.62
TOTAL	**117.34**	**116.98**
23. OTHER EXPENSES:		
Manufacturing Expenses:		
Freight, Cartage & Transport	88.20	83.10
Power	101.45	92.03
Water Charges	8.64	7.74
Processing Charges	29.84	20.91
Other Manufacturing Expenses	88.23	75.92
Repairs & Maintenance	71.33	52.94
Insurance Charges	2.51	2.21
Research & Development Expenses	11.38	10.36
Factory Administrative Expenses	25.34	20.67
Total (A)	**426.92**	**365.88**
Office Administrative Expenses:		
Rent, Rates and Taxes	2.20	3.96
Travelling and Conveyance	5.84	5.00
Auditor's Remuneration (Refer Note No. 23.1)	0.28	0.26
Legal & Professional Charges	4.68	3.80
Postage, Telegraph & Telephone	0.90	0.80
Printing & Stationery Expenses	0.94	0.86
Other Administrative Expenses	8.13	7.89
Total (B)	**22.97**	**22.57**
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	5.30	4.70
Export Freight Expenses	50.23	49.42
Freight and Forwarding Expenses	76.53	69.81
Commission	8.20	9.20
Export Insurance Charges	1.82	1.66

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Crs.)

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
Sample Testing & Analysis Charges		0.95	0.88
Provision for Doubtful Debts		NIL	5.00
Lease Rent Paid		11.23	8.70
Prior Period Expenses		NIL	0.09
Other Expenses		0.11	0.02
Sales Tax & Other Dues Paid		0.69	0.11
Bad Debts Written Off		NIL	1.16
Sundry Balance Written Off/(Back)		0.55	1.17
	Total (C)	**155.61**	**151.92**
Non-Operating Expenses:			
Donations and CSR Expenses		8.92	5.32
Loss on Sale of Assets/Investment		0.00	0.14
	Total (D)	**8.92**	**5.46**
	TOTAL (A+B+C+D)	**614.42**	**545.83**
23.1 AUDITOR'S REMUNERATION:			
Audit Fees		0.19	0.14
Certification Charges		0.03	0.03
Out of Pocket Expenses		0.02	0.02
	TOTAL	**0.24**	**0.19**
24. EARNING PER SHARE (EPS):			
Net Profit after Tax	(₹ in Crs.)	327.54	268.10
Profit attributable to Non-Controlling Intrest	(₹ in Crs.)	(11.76)	(11.22)
Share of Profit/(Loss) of Associates	(₹ in Crs.)	NIL	NIL
Net Profit After Consolidation avaliable for Equity Shareholders	(₹ in Crs.)	**315.78**	**256.88**
No. of Equity Shares	(Nos.)	82,120,383	83,320,383
Basic & Diluted EPS	(₹)	38.45	30.83
Nominal Value of Equity Share	(₹)	5.00	5.00

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

25. CONTINGENT LIABILITIES AND COMMITMENTS: (to the extent not provided for)

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	69.47	72.25
(b) Letters of Credit, Bank Guarantees & Bills Discounted	69.15	51.21
	138.62	**123.46**
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	60.88	41.25
	60.88	41.25
TOTAL	**199.50**	**164.71**

26. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (Ind AS 24):

I Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence

1. Alchemie Industries
2. Alchemie Laboratories
3. Aarti Drugs Ltd.
4. Alchemie Dye Chem Pvt. Ltd.

II Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel.

Sr. No.	Name	Status
1.	Shri Rajendra V. Gogri	Director
2.	Shri Rashesh C. Gogri	Director
3.	Shri Shantilal T. Shah	Director
4.	Shri Parimal H. Desai	Director
5.	Shri Manoj M. Chheda	Director
6.	Shri Kirit R. Mehta	Director
7.	Smt. Hetal Gogri Gala	Director
8.	Shri Renil R. Gogri	Director
9.	Shri Chetan Gandhi	Chief Financial Officer
10.	Smt. Mona Patel	Company Secretary

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

The following transactions were carried out during the year with the related parties in the ordinary course of business

(A) Details relating to parties referred to in items I above.

(₹ in Crs.)

Sr. No.	Description of Transaction	Year	Other related Enterprises Firms
1	Sales of Finished Goods/Sales Income	CY	**31.87**
		PY	32.36
2	Purchases of Raw Materials/Finished Goods	CY	**16.81**
		PY	27.31
3	Other Manufacturing Expenses	CY	**2.68**
		PY	2.84
4	Rent paid	CY	**0.15**
		PY	0.15
5	Other Income	CY	**0.03**
		PY	0.03
6	Sale of Fixed Assets	CY	**0.04**
		PY	-
7	Purchase of Fixed Assets	CY	**1.91**
		PY	-
8	Inter-Corporate Deposits taken/(Repaid) during the year	CY	**-**
		PY	-
9	Inter-Corporate Deposits given/(Received back) during the year	CY	**-**
		PY	0.30
10	Interest Income on the Inter-Corporate Deposits placed/unsecured - loans/NCDs	CY	**-**
		PY	0.02
11	Dividend Received	CY	**-**
		PY	0.49
12	Outstanding items pertaining to the related parties at the balance sheet date - -Receivable/(Payable)	CY	**0.99**
		PY	5.98

(B) Details relating to persons referred to in item II above*

(₹ in Crs.)

	Particulars	Financial Year 2016-17	Financial Year 2015-16
a.	Remuneration including perquisites #	8.79	8.59
b.	Commission to Directors/KMPs	7.79	6.82
c.	Sitting Fees	0.03	0.03
d.	Rent paid	0.99	0.92
e.	Travelling Expenses	0.97	0.88
f.	Telephone Expenses	0.07	0.04
	TOTAL	**18.64**	**17.28**

* Excluding the payments made to Independent Directors & Relative of Directors as per Accounting Standard Interpretation 21 issued by the Institute of Chartered Accountants of India.

\# Value of Perquisites includes non Cash Perquisites of ₹0.02 Crs (previous year ₹0.02 Crs).

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

27. SEGMENT REPORTING:

(₹ in Crs.)

Particulars		Financial Year 2016-17	Financial Year 2015-16
(A) Primary Segments: Business Segments			
1. Segment Revenue:			
a) Speciality Chemicals		2,569.29	2,430.36
b) Pharmaceuticals		426.07	425.76
c) Home & Personal Care Chemicals		168.10	150.47
	TOTAL	3,163.46	3,006.59
2. Segment Results Profit/(Loss):			
Before Tax and Interest from each Segment			
a) Speciality Chemicals		565.75	503.64
b) Pharmaceuticals		48.13	38.80
c) Home & Personal Care Chemicals		0.77	(0.24)
	Total (A)	614.65	542.20
Less: Interest		117.33	116.97
Other Unallocable Expenditure (Net)		81.72	62.50
	Total (B)	199.05	179.47
	Total Profit before Tax (A-B)	415.60	362.73
3. Segment Assets:			
a) Speciality Chemicals		2,516.74	2,121.92
b) Pharmaceuticals		628.99	580.77
c) Home & Personal Care Chemicals		152.52	110.26
d) Unallocated Capital		200.79	128.72
	TOTAL	3,499.04	2,941.67
Segment Liabilities:			
a) Speciality Chemicals		397.66	342.47
b) Pharmaceuticals		57.03	52.86
c) Home & Personal Care Chemicals		26.88	21.41
d) Unallocated Capital		155.44	127.18
	TOTAL	637.01	543.92
(B) Secondary Segments: Geographical Segments			
a) India		1,640.50	1,575.14
b) Out of India		1,522.96	1,431.45
	TOTAL	3,163.46	3,006.59

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

28. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Associates.

Name of Enterprise	Net Assets (i.e. Total Assets minus total liabilities)		Share in Profit or Loss	
	As % of Consolidated net assets	(₹ in Crs)	As % of Consolidated Profit or Loss	(₹ in Crs)
Parent				
Aarti Industries Ltd.	96.16%	1,310.09	97.12%	306.68
Subsidiaries				
Alchemie (Europe) Ltd.	0.07%	0.99	(0.03%)	(0.10)
Aarti USA Inc.	0.02%	0.21	(0.24%)	(0.77)
Aarti Corporate Services Ltd.	0.66%	8.99	0.21%	0.67
Ganesh Polychem Ltd.	8.49%	115.61	5.97%	18.86
Innovative Envirocare Jhagadia Ltd.	0.02%	0.29	0.00%	-
Nascent Chemical Industries Ltd.	0.81%	11.08	1.52%	4.81
Shanti Intermediates Pvt Ltd.	0.00%	0.06	(0.22%)	(0.69)
Non-Controlling Interest in all Subsidiaries	(4.69%)	(63.85)	(3.72%)	(11.76)
Inter Company Elimination & Consolidation Adjustment	(1.54%)	(21.00)	(0.61%)	(1.92)
TOTAL	**100.00%**	**1362.47**	**100.00%**	**315.78**

29. FAIR VALUE MEASUREMENTS:

Financial instruments by category

(₹ in Crs.)

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 1st April, 2015		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
<u>**Financial Assets**</u>									
At Amortised Cost									
Investments	13.39	-	-	17.97	-	-	138.78	-	-
Trade Receivables	524.67	-	-	523.40	-	-	438.98	-	-
Cash and Cash Equivalents	28.50	-	-	28.99	-	-	33.71	-	-
Other Financial Assets	262.39	-	-	261.58	-	-	263.57	-	-
At FVTOCI									
Investments	33.57	28.32	5.25	23.29	22.62	0.67	34.09	32.51	1.58
<u>**Financial Liabilities**</u>									
At Amortised Cost									
Borrowings	1,435.73	-	-	1,233.16	-	-	1,067.38	-	-
Trade Payables	299.72	-	-	305.19	-	-	248.83	-	-
Other Current Financial Liabilities	181.84	-	-	111.68	-	-	171.40	-	-

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

30. CAPITAL MANAGEMENT:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as loans and borrowings less cash & marketable securities.

(₹ in Crs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Gross Debts	1,563.85	1,291.61	1,202.25
Less: Cash and Marketable Securities	(56.82)	(51.61)	(66.21)
Net Debt (A)	**1,507.03**	**1,240.00**	**1,136.04**
Total Equity (B)	**1,426.32**	**1,189.39**	**1,075.43**
Net Gearing ratio (A/B)	**1.06**	**1.04**	**1.06**

Dividends

(₹ in Crs.)

Particulars		As at 31st March, 2017	As at 31st March, 2016
(i)	Equity shares		
	Final dividend for the year ended 31st March 2016 of ₹NIL per fully paid share	NIL	NIL
(ii)	Dividends not recognized at the end of the reporting period		
	In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹1 (31st March 2016 -₹NIL) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	8.21	NIL

31. FINANCIAL RISK MANAGEMENT:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to AIL.

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

Credit risk management

To manage the credit risk, the Company follows a adequate credit control policy and also has an external credit insurance cover with ECGC policy wherein the customers are required to make an advance payment before procurement of goods. Thus, the requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government/statutory agencies.

II. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

(a) Liquidity risk management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at 31st March 2017

Maturities of non-derivative financial liabilities

(₹ in Crs.)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	299.72	-	-	299.72
Other financial liabilities	1,020.68	596.89	-	1,617.57
Total	**1,320.40**	**596.89**	**-**	**1,917.29**

As at 31st March 2016

Maturities of non-derivative financial liabilities

(₹ in Crs.)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	305.19	-	-	305.19
Other financial liabilities	817.90	526.94	-	1,344.84
Total	**1,123.09**	**526.94**	**-**	**1,650.03**

As at 1st April 2015

Maturities of non-derivative financial liabilities

(₹ in Crs.)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	248.83	-	-	248.83
Other financial liabilities	819.54	419.24	-	1,238.78
Total	**1,068.37**	**419.24**	**-**	**1,487.61**

III. Market risk

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net sales are hedged by forward Contract.

Notes on Consolidated Financial Statements for the year ended 31st March, 2017

Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company's commodity risk is managed centrally through well-established trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

32. EQUITY RECONCILITIAON:

A. **Reconciliation of the net profits to those reported under previous Generally Accepted Accounting Principles (GAAP) are summarized as follow:**

(₹ in Crs.)

Particulars	Note No.	For the year ended 31st March, 2016
Net Profit as per previous GAAP		256.88
Other Comprehensive Income (Net of Tax)	1	(10.78)
Total Comprehensive Income		**246.10**

B. **Reconciliation of Equity as reported under previous Generally Accepted Accounting Principles (GAAP) are summarized as follow**:

(₹ in Crs.)

Particulars	Note No.	As at 31st March, 2016	As at 1st April, 2015
Equity reported as per previous GAAP		1166.50	1022.27
Impact of measuring Investments at Fair Value - through Other Comprehensive Income (Net of tax)	1	22.89	33.67
Proposed Dividend including Tax		-	19.49
Equity reported as per IND AS		**1189.39**	**1075.43**

Note:

1 Under previous GAAP, non-current Investments were stated at cost. Where applicable, provision was made to recognize a decline, other than temporary, in valuation of such Investments. Under Ind AS, financial assets in equity instruments have been classified as Fair Value through Other Comprehensive Income (FVTOCI) through an irrevocable election at the date of transition.

33. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and Managing Director

Rashesh C. Gogri
Vice Chairman and Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2017

(₹ in Crs.)

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
A.	**Cash Flow from Operating Activities:**		
	Net Profit before Tax and Exceptional/Extraordinary Items	415.60	362.73
	Adjustments for:		
	Interest and Finance Charges Paid	117.34	116.97
	Depreciation	122.52	98.50
	Consolidated Adjustments	0.00	(0.78)
	Loss on Sale of Assets	0.00	0.14
		655.46	**577.56**
	Profit on Sale of Investments/Assets	(0.80)	(0.69)
	Dividend Received from other Investments	0.00	(1.65)
	Lease Rent Received	(0.25)	(0.24)
	Operating Profit before Working Capital Changes	**654.41**	**574.98**
	Adjustments for:		
	(Increase)/Decrease in Trade and Other Receivables	(5.68)	(21.86)
	(Increase)/Decrease in Trade Payables and Other Current Liabilities	(4.98)	53.90
	(Increase)/Decrease in Inventories	(76.22)	64.39
	Cash Generated from Operations	**567.53**	**671.41**
	Direct Taxes Paid	(97.46)	(97.83)
	Net Cash Flow from Operating Activities (A)	**470.07**	**573.58**
B.	**Cash Flow from Investing Activities:**		
	Addition to Fixed Assets/Capital WIP	(530.22)	(466.47)
	Sale/Written off of Fixed Assets	0.33	16.64
	(Increase)/Decrease in Other Investments	0.78	(4.01)
	Dividend Received from Other Investments	0.00	1.65
	Lease Rent Received	0.25	0.24
	Net Cash Flow from Investing Activities (B)	**(528.86)**	**(451.95)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds of Long-Term Borrowings	200.04	201.13
	Repayment of Long-Term Borrowings	(60.69)	(170.17)
	Proceeds/(Repayment) of Other Borrowings	132.89	52.74
	Reduction in Equity Share Capital due to Buy-back	(96.00)	NIL
	Interest and Finance Charges Paid	(117.34)	(116.97)
	Dividend Paid	(0.60)	(95.17)
	Net Cash Flow from Financing Activities (C)	**58.30**	**(128.44)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(0.49)**	**(6.81)**
	Cash and Cash Equivalents (Opening Balance)	28.99	33.71
	Cash and Cash Equivalents (Opening Balances of Merged Co)	0.00	2.09
	Cash and Cash Equivalents (Closing Balance)	**28.50**	**28.99**

Notes: (i) Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.

(ii) Amounts of the previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants

For and on behalf of the Board

Tejas J. Parikh
Partner

Rajendra V. Gogri
Chairman and Managing Director

Rashesh C. Gogri
Vice Chairman and Managing Director

Shantilal T. Shah
Vice Chairman

Place: Mumbai
Date: May 19, 2017

Chetan Gandhi
Chief Financial Officer

Mona Patel
Company Secretary

AARTI INDUSTRIES LIMITED

CIN: L24110GJ1984PLC007301
Regd. Off.: Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi , Dist. Valsad, Gujarat - 396195
Website:- www.aarti-industries.com, Email:- investorrelations@aarti-industries.com
Telephone:- 0260-2400059, 2400366, Fax:- 0260-2401322

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Fourth Annual General Meeting of the Members of AARTI INDUSTRIES LIMITED will be held at Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi - 396195, Dist. Valsad, Gujarat, on wednesday, the 27th day of September, 2017, at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt;

   (a) the audited Financial Statements of the Company for the financial year ended 31st March, 2017, the Reports of the Board of Directors' and Auditors' thereon; and

   (b) the audited Consolidated Financial Statement of the Company for the financial year ended 31st March, 2017.

2. To declare dividend for the financial year ended 31st March, 2017

3. To appoint a Director in place of Shri Manoj M. Chheda (DIN: 00022699), who is liable to retire by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Shri Kirit R. Mehta (DIN: 00051703), who is liable to retire by rotation and being eligible, offers himself for re-appointment.

5. 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, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 (the Rules), and pursuant to recommendation of the Audit Committee of the Board of Directors, M/s. Kirtane & Pandit LLP, Chartered Accountants (Firm Regn. No.105215W/W100057) be and is hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Thirty Fifth Annual General Meeting of the Company, on such remuneration and reimbursement of out of pocket expenses, as shall be decided/approved by the Board of Directors."

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to provisions of Sections 196, 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act") and subject to all such sanctions, if any, as may be necessary, the Company hereby approves, revision in the rate of aggregate commission payable to Shri Rajendra V. Gogri, Chairman & Managing Director, Shri Rashesh C. Gogri, Vice Chairman & Managing Director, Shri Parimal H. Desai, Shri Manoj M. Chheda, Smt. Hetal Gogri Gala and Shri Renil R. Gogri, Whole time Directors of the Company from existing 2% to 3% of the net profit effective from 1st April, 2017 for the remainder of the tenure of their respective terms payable on quarterly basis and that the respective Agreements made with each one of them as amended from time to time shall stand amended and construed accordingly.

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

   "RESOLVED THAT in accordance with the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Rashesh C. Gogri (DIN 00066291) as the Managing Director of the Company, for a period of 5 (Five) years with effect from 9th June, 2017 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Shri Rashesh C. Gogri, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board 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."

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Renil R. Gogri (DIN: 01582147) as a Whole time Director, designated as Executive Director of the Company, for a period of 5 (Five) years with effect from 16th August, 2017 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Shri Renil R. Gogri, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board 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."

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Rajendra V. Gogri, (DIN : 00061003) as the Managing Director for a period of (5) five years with effect from 1st July, 2018 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Shri Rajendra V. Gogri, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board 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.

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

"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of Companies Act 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), Shri Ramdas M. Gandhi (DIN: 00029437), Independent Director of the Company in respect of whom the Company has received a notice in writing under Section 160 of the said Act from a member along with deposit of requisite amount signifying his intention to propose candidature of Shri. Ramdas M. Gandhi, be and is hereby re-appointed as an Independent Director of the Company to hold office for a period of (5) five years with effect from date of this Annual General Meeting i.e. 27th September, 2017, not liable to retire by rotation."

RESOLVED FURTHER THAT the Board 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."

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

"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of Companies Act 2013 ('Act') and the rules made thereunder read with

Schedule IV of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force), Shri Laxmichand K. Jain (DIN: 00042099), Independent Director of the Company in respect of whom the Company has received a notice in writing under Section 160 of the said Act from a member along with deposit of requisite amount signifying his intention to propose candidature of Shri. Laxmichand K. Jain, be and is hereby re-appointed as an Independent Director of the Company to hold office for a period of (5) five years with effect from date of this Annual General Meeting i.e. 27th September, 2017, not liable to retire by rotation."

RESOLVED FURTHER THAT the Board 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."

12. 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 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules prescribed thereunder, consent of the Company be and is hereby accorded to the Board of Directors to charge from the member such fees in advance equivalent to estimated actual expenses for delivery of documents by the Company through a particular mode only as prescribed under the said Act if any written request is made by such member in this regard, provided such request along with requisite fees has been duly received by the Company atleast 10 (ten) days in advance of dispatch of documents by the Company to such member.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient for the purpose aforesaid."

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

"RESOLVED THAT pursuant to 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), Ms. Ketki D. Visariya, Cost Accountant (Membership Number 16028), being the Cost Auditor appointed by the Board of Directors of the Company to conduct audit of the cost records and related books maintained by the Company in respect of Organic and Inorganic Chemicals, Bulk Drugs and Fertilizers for Financial Year 2017-18 on a remuneration of ₹5,00,000/- (Rupees Five Lakh only) per annum plus Tax as applicable, and reimbursement of out of pocket expenses incurred by her in connection with aforesaid Audit be and is hereby ratified and confirmed."

14. To consider and approve issue of Non-Convertible Debentures by passing the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, approval of the members be and is hereby accorded to the Board of Directors of the Company to offer or invite subscriptions for secured / unsecured redeemable non-convertible debentures, in one or more series / tranches, of an aggregate nominal value up to ₹300 Crore (Rupees Three Hundred Crores only), on private placement, from such persons and on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and most beneficial to the Company including, without limitation, as to when the said debentures are to be issued, the face value of debentures to be issued, the consideration for the issue, mode of payment, coupon rate, redemption period, utilization of the issue proceeds and all matters connected therewith or incidental thereto;

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 and for matters connected therewith or incidental thereto."

Registered Office:	By order of the Board
Plot Nos. 801, 801/23,	
GIDC Estate, Phase III,	
Vapi-396 195,	CS MONA PATEL
Dist. Valsad, Gujarat	Company Secretary
Place: Mumbai	
Date: 11th August, 2017	

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 ON POLL INSTEAD OF HIMSELF/HERSELF. SUCH A 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 10% (ten percent) of the total share capital of the Company. Further, a Member holding more than 10% (ten percent), 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.

   The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of meeting.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business at Item Nos. 6 to 14 above is annexed hereto and forms part of the Notice.

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

4. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September, 2017 to 27th September, 2017 (both days inclusive) for the purpose of AGM.

5. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m., up to the date of the AGM.

6. Members holding shares in physical form are requested to inform the Company's new Registrars and Transfer Agents, M/s. Link Intime India Private Limited, immediately of any change in their address and bank details. Members holding shares in dematerialised form are requested to intimate all changes with respect to their address, bank details, mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the Members.

7. 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.

8. Queries on accounts may please be sent to the Company 10 days in advance of the Annual General Meeting so that the answers may be made available at the meeting.

9. The Company has transferred unclaimed amounts of Final Dividend, for the year 2008-09 and Interim Dividend for the year 2009-10 to the Investor Education and Protection Fund as required under Sections 124 and 125 of the Companies Act, 2013.

10. The Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the 33rd Annual General Meeting (AGM) held on 30th September, 2016, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.aarti-industries.com.

    The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more in the name of Demat Account of the Investor Education and Protection Fund (IEPF) Authority. The Company has communicated individually, to the concerned shareholders whose shares are liable to be transferred to the Demat Account of IEPF Authority under the said rules and also notice for the same was published in Financial Express in (English) edition and (Gujrati) edition published from Ahmedabad for taking appropriate action(s). The Company has uploaded full details of such shareholders and shares due for transfer to Demat Account of IEPF Authority on its website at www.aarti-industries.com under "Investors Section".

11. 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 M/s. Link Intime India Private Limited (RTA) sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investorrelations@aarti-industries.com.

12. Copies of the Annual Report 2016-17 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 2016-17 are being sent by the permitted mode.

13. Members/Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.

14. Voting Options

    (1) Voting through Electronic Means

    Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, and the provisions of Regulation 44 of the listing Regulations the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means.

The instructions for members for voting electronically are as under:-

(i) The voting period begins on 24th September, 2017 at 9.00 a.m. and ends on 26th September, 2017 at 5.00p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 20th September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Log on to the e-voting website www.evotingindia.com

(iii) Click on Shareholders

(iv) Now Enter your User ID

  a. For CDSL: 16 digits beneficiary ID,

  b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

  c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip/ address sticker indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN of the Company.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

In case of members receiving the physical copy of the Notice of AGM & Attendance Slip:

(A) Please follow all steps from sl. no. (i) to sl. no. (xviii) above to cast vote.

(B) The voting period begins on 24th September, 2017 at 9.00 a.m. and ends on 26th September, 2017 at 5.00p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 20th September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(2) 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.

OTHER INSTRUCTIONS

I. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on 20th September, 2017 are entitled to vote on the Resolutions, set forth in this Notice.

II. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of 20th September, 2017.

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

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

V. CS Sunil M. Dedhia, Practicing Company Secretary of Sunil M. Dedhia and Co. has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

VI. The Scrutiniser shall, immediately after the conclusion of voting at general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 3 days of conclusion of the meeting submit a consolidated scrutiniser report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.

VII. The results along with the Scrutinisers Report shall be placed on the website of the Company and on the website of CDSL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

Registered Office:
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi-396 195,
Dist. Valsad, Gujarat
Place: Mumbai
Date: 11th August, 2017

By order of the Board

CS MONA PATEL
Company Secretary

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

Particulars	Shri Manoj M. Chheda (DIN : 00022699)	Shri Kirit R. Mehta (DIN : 00051703)
Date of birth and age	23.10.1962 (54 years)	02.08.1948 (68 years)
Appointed on	25.11.1993	18.09.2000
Qualifications	B.Com	B.Com
Experience and expertise in specific functional areas	He is a Whole - time Director of the Company since November, 1993. He has wide experience of over 25 years in purchase and marketing of Chemicals.	He is a Whole-time Director of the Company since September, 2000. He has over 32 years of experience in the industry.
Disclosure of Relationships between Director inter-se	NIL	NIL
Directorships held in public companies other than Aarti Industries Limited	Aarti Corporate Services Limited	-Sarigam Waste and Effluent Management Company Limited -Innovative Envirocare Jhagadia Limited -Vapi Green Enviro Limited
Memberships/Chairmanships of committees across public companies other than Aarti Industries Limited	NIL	NIL
No. of shares held in the Company	1053437	42513

Particulars	Shri Rashesh C. Gogri (DIN 00066291)	Shri Renil R. Gogri (DIN: 01582147)	Shri Rajendra V. Gogri (DIN: 00061003)
Date of birth and age	03.06.1974 (42 years)	14.04.1987 (30 years)	16.12.1959 (57 Years)
Appointed on	09.06.1997	16.08.2012	06.06.1989
Qualifications	Production Engineering Degree from Mumbai University.	B.Tech (Mech) from IIT, Mumbai	B.E. from UDCT, Masters Degree in Chemical Engineering from U.S.
Experience and expertise in specific functional areas	He has been appointed as the Vice Chairman & Managing Director of the Company in 2012. He was the Whole time Director of the Company since June, 1997. He has played key role in the growth of various strategic business units in chemical, pharma and personal care segment of the Company.	He has been appointed as a Whole-Time Director of the Company from 16th August 2012. He handles the portfolios of systems developments/ improvements in operations, adoption of IT advancements into operations and project execution and other production related activities of the Company.	He has been with the company since its inception and was appointed as Managing Director in 1993. He eventually became the Chairman & Managing Director in 2012. He worked along with Shri Chandrakant V. Gogri to help the Company achieve its present stature. In addition to his technical qualification, he has expertise in handling financial and commercial matters as well. He had been awarded the prestigious "Distinguished Alumunus Award" from UDCT in the year 1995 for his excellent performance as an entrepreneur in Chemical Industry.
Disclosure of Relationships between Director inter-se	Shri. Rashesh C Gogri is brother of Smt. Hetal Gogri Gala, Whole Time Director of the Company.	Shri. Renil R. Gogri is son of Shri Rajendra V. Gogri, Chairman and Managing Director of the Company	Shri. Rajendra V. Gogri is father of Shri Renil R. Gogri, Whole Time Director of the Company
Directorships held in public companies other than Aarti Industries Limited	Ganesh Polychem Ltd. Aarti Drugs Ltd.	Nil	Aarti Drugs Ltd.
Memberships/ Chairmanships of committees across public companies other than Aarti Industries Limited	Share Transfer Committee Aarti Drugs Ltd.- Member Audit Committee Aarti Drugs Ltd.- Member Ganesh Polychem Ltd- Member Corporate Social Responsibility Committee Aarti Drugs Ltd-Member Ganesh Polychem Ltd.-Member Nomination and Remuneration Committee Ganesh Polychem Ltd.-Member	None	Nomination and Remuneration Committee Aarti Drugs Ltd.-Member Stakeholders Relationship Committee Aarti Drugs Ltd.-Chairman
No. of shares held in the Company	4797248	3512073	3073249

Particulars	Shri Ramdas M. Gandhi (DIN : 00029437)	Shri Laxmichand K. Jain (DIN : 00042099)
Date of birth and age	14.03.1933 (84 years)	02.03.1941 (76 years)
Appointed on	29.01.1990	29.01.1990
Qualifications	Master's Degree in Law from Mumbai University	Bachelor's Degree in Chemical Engineering, USA
Experience and expertise in specific functional areas	He is an advocate & solicitor and is practising in the Mumbai High Court since more than 55 years. He is a corporate lawyer and has extraordinary experience in commercial law, corporate law and more.	He is an Independent Director of the Company since January, 1990. He is an environmental expert with over 45 years of experience in the industry.
Disclosure of Relationships between Director inter-se	NIL	NIL
Directorships held in public companies other than Aarti Industries Limited	Vinyl Chemicals (India) Ltd. Unichem Laboratories Ltd. Aarti Drugs Ltd.	No other Directorship
Memberships/Chairmanships of committees across public companies other than Aarti Industries Limited	Audit Committee: Aarti Drugs Ltd. – Chairman Vinyl Chemicals (India) Ltd. – Chairman Unichem Laboratories Ltd. – Member Stakeholders Relationship Committee Unichem Laboratories Ltd. – Chairman Vinyl Chemicals (India) Ltd. – Member Nomination Remuneration Committee: Vinyl Chemicals (India) Ltd. – Member Unichem Laboratories Ltd. – Member Aarti Drugs Ltd. – Member	NIL
No. of shares held in the Company	9760	18550

For other details such as numbers of meetings of the Board attended during the year and remuneration drawn in respect of Shri Manoj M. Chheda, Shri. Kirit R. Mehta, Shri Rashesh C. Gogri, Shri Renil R. Gogri, Shri Rajendra V. Gogri, Shri Ramdas M. Gandhi and Shri Laxmichand K. Jain please refer to the Corporate Governance Report.

By order of the Board

CS MONA PATEL
Company Secretary

Registered Office:
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi-396 195,
Dist. Valsad, Gujarat
Place: Mumbai
Date: 11th August, 2017

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.

ITEM NO. 6

Shri Rajendra V. Gogri, Chairman & Managing Director, Shri Rashesh C. Gogri, Vice Chairman & Managing Director, Shri Parimal H. Desai, Shri Manoj M. Chheda, Smt. Hetal Gogri Gala and Shri Renil R. Gogri, Whole time Directors of the Company are holding their respective offices for a period of five years in terms of their respective Principal Agreements entered into by the Company with each of them and amended from time to time by way of Supplemental Agreement(s), if any, thereto.

Section 197 of the Companies Act, 2013 ("the Act") permits payment of remuneration to Executive Directors of a Company by way of Commission, if the Company authorises such payment by way of a resolution of members. Based on the recommendation of the Nomination and Remuneration Committee of the Board of Directors duly approved by a resolution passed at its meeting, the Board of Directors at its meeting held on 19th May, 2017, subject to approval of the Company in the General Meeting, has revised the rate of aggregate commission from 2% p.a. to 3% p.a. shared and payable to the said executive Directors with effect from 1st April, 2017 for the remainder of the tenure of their respective terms payable on quarterly basis.

Such commission will accrue and be payable on quarterly basis and will be subject to adjustment for relative performance of the Company as per method approved by the Nomination & Remuneration Committee.

The respective Agreements made with each one of them as amended from time to time shall stand amended and construed accordingly.

All other terms and conditions remain unchanged. The Principal and Supplemental Agreement(s) referred to hereinabove are available for inspection at the registered office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays up to the date of Annual General Meeting.

Your Directors recommend the resolution at Item No. 6 for your approval.

Shri Rajendra V. Gogri, Chairman & Managing Director, Shri Rashesh C. Gogri, Vice Chairman & Managing Director, Shri Parimal H. Desai, Shri Manoj M. Chheda, Smt. Hetal Gogri Gala and Shri. Renil R. Gogri, Whole time Directors of the Company are interested in the said resolution pertaining to change in percentage of commission, share of which would be payable to each of them.

Shri Rajendra V. Gogri and Shri Renil R. Gogri being related, Shri Rashesh C. Gogri and Smt. Hetal Gogri Gala, also being related and all being Key Managerial Personnel are interested in the resolution to that extent.

Further relatives of the said Directors entitled to commission under the resolution may be deemed to be interested or concerned in the resolution to the extent of their respective shareholdings in the Company.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company or their relatives is, in anyway concerned or interested, financially or otherwise, in the said resolution.

Item No. 7

Shri Rashesh C. Gogri has been the Whole-time Director of the Company since 9th June, 1997 and have been reappointed from time to time. He has been appointed as a Vice Chairman and Managing Director with effect from 16th August, 2012. His term as such expired on 8th June, 2017. Based on the recommendation of the Nomination and Remuneration Committee duly approved by the resolution passed at its meeting, the Board of Directors of the Company at its meeting held on 19th May, 2017 have re-appointed Shri Rashesh C. Gogri as the Managing Director of the Company with effect from 9th June, 2017, for a period of five years, on expiration of his present term, subject to the approval of the Company in General Meeting upon the terms and conditions set out in the draft agreement to be entered into by the Company with him. The said draft agreement, inter alia, contains the following material, terms and conditions:

1. Period of Agreement: 09.06.2017 to 08.06.2022
2. Remuneration:
   (a) Salary: Salary of ₹4,21,000/- per month with power to the Board to make annual increment subject to maximum Salary of ₹5,00,000/- per month.

   (b) Commission:
   In addition to the salary as above, he shall also be entitled to be paid share in aggregate commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013, payable to all the Managing/ Whole-time Directors of the Company. Share of such commission shall be determined by the Board of Directors of the Company. The commission will be calculated and payable every quarter on

quarterly Net Profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis shall be adjusted for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

(c) Perquisites/allowances:
In addition to salary and Commission, the Managing Director shall be entitled to the following perquisites/ allowances:

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

(d) Managing Director shall also be entitled to following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein:

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

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

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

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

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

(e) The perquisites and allowances together with the salary and commission payable as aforesaid shall be restricted to and be subject to the applicable overall maximum ceiling limit set out in Section 197 read with Schedule V of the Companies Act, 2013 or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time.

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

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

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

6. Notwithstanding anything to the contrary contained in the Agreement, either party shall be entitled to terminate the Agreement, at any time by giving to the other party 180 days notice in writing in that behalf without the necessity of showing any cause and on the expiry of the period of such notice this Agreement shall stand determined and the Managing Director shall cease to be the Managing Director of the Company. Provided that the aforesaid notice may be waived mutually.

7. The terms and conditions of the said appointment herein and/or Agreement may be altered and varied by the Board from time to time at their discretion as they may deem fit so as not to exceed the limits specified in Schedule V of the Companies Act, 2013, or any amendments made hereafter in that regard.

The other terms and conditions of the Agreement are such as are customarily contained in agreement of similar nature.

8. The said appointment/agreement including the remuneration payable to him is subject to the approval of the Company and all such sanctions as may be necessary and shall be given effect to as per the modification, if any, made/approved as aforesaid.

The draft agreement to be entered into between the Company and Shri Rashesh C. Gogri is open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of Annual General Meeting.

Your Directors recommend the said resolution for your approval.

Shri Rashesh C. Gogri is interested in the resolution set out at Item No. 7 of the Notice. Smt. Hetal Gogri Gala, whole time Director, being Key Managerial Person and related to him is interested in the resolution. The relatives of Shri Rashesh C. Gogri may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

Save and except the above, none of the Directors and Key Managerial Personnel of the Company or their relatives is, in anyway concerned or interested, financially or otherwise, in the said resolution.

Item No. 8

Shri Renil R. Gogri has been the Whole-time Director of the Company since 16th August, 2012. His present term as such expires on 15th August 2017. Based on the recommendation of the Nomination and Remuneration Committee duly approved by the resolution passed at it's meeting, the Board of Directors of the Company at its meeting held on 19th May, 2017 have re-appointed Shri Renil R. Gogri as the Whole-time Director of the Company with effect from 16th August, 2017, for a period of five years, on expiration of his present term, subject to the approval of the Company in General Meeting upon the terms and conditions set out in the draft agreement to be entered into by the Company with him. The said draft agreement, inter alia, contains the following material, terms and conditions:

1. Period of Agreement: 16.08.2017 to 15.08.2022

2. Remuneration:

   (a) Salary: Salary of ₹3,01,500/- per month with power to the Board to make annual increment subject to maximum Salary of ₹5,00,000/- per month.

   (b) Commission:
   In addition to the salary as above, he shall also be entitled to be paid share in aggregate commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013, payable to all the Managing/ Whole-time Directors of the Company. Share of such commission shall be determined by the Board of Directors of the Company. The commission will be calculated and payable every quarter on quarterly Net Profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis shall be adjusted for the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

   (c) Perquisites/allowances:
   In addition to salary and Commission, the whole-time Director shall be entitled to the following perquisites/ allowances:

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

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

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

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

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

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

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

   (e) The perquisites and allowances together with the salary and commission payable as aforesaid shall be restricted to and be subject to the applicable overall maximum ceiling limit set out in Section 197 read with Schedule V of the Companies Act, 2013 or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time.

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

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

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

6. Notwithstanding anything to the contrary contained in the Agreement, either party shall be entitled to terminate the Agreement, at any time by giving to the other party 180 days notice in writing in that behalf without the necessity of showing any cause and on the expiry of the period of such notice this Agreement shall stand determined and the Whole-time Director shall cease to be the Whole-time Director of the Company. Provided that the aforesaid notice may be waived mutually.

7. The terms and conditions of the said appointment herein and/or Agreement may be altered and varied by the Board from time to time at their discretion as they may deem fit so as not to exceed the limits specified in Schedule V of the Companies Act, 2013, or any amendments made hereafter in that regard.

   The other terms and conditions of the Agreement are such as are customarily contained in agreement of similar nature

8. The said appointment/agreement including the remuneration payable to him is subject to the approval of the Company and all such sanctions as may be necessary and shall be given effect to as per the modification, if any, made/approved as aforesaid.

   The draft agreement to be entered into between the Company and Shri Renil R. Gogri is open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of Annual General Meeting.

   Your Directors recommend the said resolution for your approval.

   Shri Renil R Gogri is interested in the resolution set out at Item No. 8 of the Notice. Shri Rajendra V. Gogri, Chairman & Managing Director, being Key Managerial Person and related to him is interested in the resolution. The relatives of Shri Renil R Gogri may be deemed to be interested in the said resolution to the extent of their respective shareholding, if any, in the Company.

   Save and except the above, none of the other Directors and Key Managerial Personnel of the Company or their relatives is, in anyway concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 9

Shri Rajendra V. Gogri has been a Managing Director of the Company since 1st July, 1993. His present term as such expires on 30th June, 2018. Based on the recommendation of Nomination & Remuneration Committee duly approved by the resolution passed at its meeting, the Board of Directors of the Company at its meeting held on 11th August, 2017 have reappointed Shri Rajendra V. Gogri, as the Managing Director of the Company for a period of five years w.e.f. 1st July, 2018, on expiration of his previous term, subject to the approval by the Company in General Meeting upon the terms and conditions set out in draft Agreement to be entered into by the Company with him. The said draft agreement, inter alia, contains the following material, terms and conditions:

1. Period of Agreement: 01.07.2018 to 30.06.2023

2. Remuneration:

   (a) Salary: Salary of ₹4,21,000/- per month with power to the Board to make annual increment subject to maximum Salary of ₹5,00,000/- per month.

   (b) Commission:
   In addition to the salary as above, he shall also be entitled to be paid share in aggregate commission calculated at the rate of 3% of net profit of the Company computed under Section 198 of the Companies Act, 2013, payable to all the Managing/ Whole-time Directors of the Company. Share of such commission shall be determined by the Board of Directors of the Company. The commission will be calculated and payable every quarter on quarterly Net Profits of the Company computed in accordance with Section 197 read with Section 198 of the Companies Act, 2013. The commission payable on a quarterly basis shall be adjusted for

the relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

(c) Perquisites/allowances:

In addition to salary and Commission, the Managing director shall be entitled to the following perquisites/ allowances:

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

(d) Managing Director shall also be entitled to following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein:

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

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

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

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

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

(e) The perquisites and allowances together with the salary and commission payable as aforesaid shall be restricted to and be subject to the applicable overall maximum ceiling limit set out in Section 197 read with Schedule V of the Companies Act, 2013 or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time.

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

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

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

6. Notwithstanding anything to the contrary contained in the Agreement, either party shall be entitled to terminate the Agreement, at any time by giving to the other party 180 days notice in writing in that behalf without the necessity of showing any cause and on the expiry of the period of such notice this Agreement shall stand determined and the Managing Director shall cease to be the Managing Director of the Company. Provided that the aforesaid notice may be waived mutually.

7. The terms and conditions of the said appointment herein and/or Agreement may be altered and varied by the Board from time to time at their discretion as they may deem fit so as not to exceed the limits specified in Schedule V of the Companies Act, 2013, or any amendments made hereafter in that regard.

   The other terms and conditions of the Agreement are such as are customarily contained in agreement of similar nature

8. The said appointment/agreement including the remuneration payable to him is subject to the approval of the Company and all such sanctions as may be necessary and shall be given effect to as per the modification, if any, made/approved as aforesaid.

   The draft Agreement to be entered into between the Company and Shri Rajendra V. Gogri is open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of Annual General Meeting.

Your Directors recommend the said resolution for your approval.

Shri Rajendra V. Gogri is interested in the resolution set out at Item No. 9 of the Notice. Shri Renil R.Gogri, whole time Director, being Key Managerial Person and related to him is interested in the resolution. The relatives of Shri Rajendra V. Gogri may be deemed to be interested in the said resolution to the extent of their respective shareholding, if any, in the Company.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company or their relatives is, in anyway concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 10 to 11

Shri Ramdas M. Gandhi, L.L.M, Solicitor has practiced in the High Court at Mumbai since more than 59 years, has been Independent Director of the Company since 29.01.1990.

Shri Laxmichand K. Jain, MS (Chem) US is an Environmental Expert with over 50 years of experience in the industry, has been Independent Director of the Company since 29.01.1990.

Shri Ramdas M. Gandhi and Shri Laxmichand K. Jain, Independent Directors of the Company, had been re-appointed as Independent Directors not liable to retire by rotation in terms of the Listing Regulation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, and Regulation 16(b) read with Regulation 25 of the SEBI (Listing Agreement and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof and any rules made thereunder, for the time being in force) they, being eligible, are sought to be appointed as Independent Directors for a second term of 5 (five) years and not liable to retire by rotation.

The Company has received notices in writing under the provisions of Section 160 of the Companies Act, 2013 from members along with a deposit of ₹1,00,000/- in each case, proposing candidature of Shri Ramdas M. Gandhi and Shri Laxmichand K. Jain for appointment as Independent Directors under the provisions of Section 149 of the said Act.

The Company has received from both the said Directors, consent in writing to act as director and declaration to the effect that they are not disqualified under Section 164(2) of the Companies Act, 2013 in prescribed Form DIR-2 and DIR - 8 respectively. Further, the Company has received from both the Directors, a declaration to the effect that they meet criteria of independence as provided in Section 149(6) of the said Act. Further, in terms of Sections 149 and 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declaration made by both the said Directors in respect of meeting the criteria of independence as provided in Section 149(6) of the said Act and the Board is of opinion that they fulfill the relevant conditions specified in the said Act and the Rules made thereunder and are independent of the management.

The Board considers that continued association of both the said Independent Directors would be of immense benefit to the Company in view of their qualification, expertise and experience in their respective fields as also exposure to the corporate culture and governance. It is desirable to continue to avail services of each one of them as Independent Director.

Copies of the draft letters for appointment proposed to be issued to Shri Ramdas M. Gandhi and Shri Laxmichand K. Jain as an Independent Director setting out the terms and conditions thereof are available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days between 11.00 a.m. to 1.00 p.m., up to the date of the AGM.

The resolutions proposed at Item Nos. 10 to 11 of the accompanying Notice, seek the approval of the members for appointment each of the said Directors as an Independent Director of the Company, not liable to retire by rotation for a period of 5 (five) years with effect from the date of this AGM pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

Your Directors recommend the said resolutions for your approval as Special Resolutions.

Shri Ramdas M. Gandhi and Shri Laxmichand K. Jain are interested in the resolution pertaining to their respective appointment as an Independent Director.

The relatives of Shri Ramdas M. Gandhi and Shri Laxmichand K. Jain may be deemed to be interested in the said resolutions, to the extent of their respective shareholding, if any, in the Company.

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

ITEM NO. 12

As per the provisions of Section 20(2) of the Companies Act, 2013, a document may be served by the Company on any member by sending to him/her/it by post or by registered post or by speed post or by electronic mode or by courier or by any other mode as may be prescribed.

Further, a member may make request to the Company for delivery of any document through a particular mode by paying such fees in advance as may be determined by the Company in its Annual General Meeting. It is thus proposed that a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode may be charged if any request has been made by any member for delivery of such documents through a particular mode only as prescribed under the said Act to be taken /received in advance to cover the cost of such delivery.

The Board thus recommends the Ordinary Resolution mentioned at Item No. 12 of this Notice for your approval.

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

ITEM NO. 13

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 2017-18 was recommended by the Audit Committee to the Board. The Board thereby re-appointed Smt. Ketki Damji Visariya (Membership Number 16028) Cost Accountant, as Cost Auditor at the Board Meeting held on 19th May, 2017 on remuneration of ₹5,00,000/- per annum plus tax as applicable. Certificate dated 21st April, 2017 issued by Smt. Ketki Damji Visariya regarding her eligibility for appointment as Cost Auditor is available for inspection at the registered office of the Company during 11.00 a.m. to 1.00 p.m. on working days.

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 said resolution for your approval.

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

ITEM NO. 14

The members of the Company, at the previous Annual General Meeting held on 30th September 2016, had passed a special resolution authorising the Board of Directors of the Company to offer or invite subscriptions for redeemable non-convertible debentures, in one or more series / tranches, on private placement. The said resolution is valid and effective for 1 (one) year from 30th September 2016. The members may note that the Company has not made any private placement of redeemable non-convertible debentures pursuant to the said authorisation.

The Board may, at an appropriate time, consider offering or inviting subscriptions for secured/ unsecured redeemable non-convertible debentures, in one or more series / tranches on private placement, issuable / redeemable at par, in order to augment long-term resources for financing inter alia the ongoing capital expenditure and for general corporate purposes.

Section 71 of the Act which deals with the issue of debentures read with Section 42 of the Act which deals with the offer or invitation for subscription of securities of a company on private placement and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 provide that a company which intends to make a private placement of its non-convertible debentures, shall, before making an offer or invitation for subscription, obtain approval of its shareholders by means of a special resolution. It shall be sufficient if the company passes a special resolution only once in a year for all the offers or invitations for such non-convertible debentures during the year.

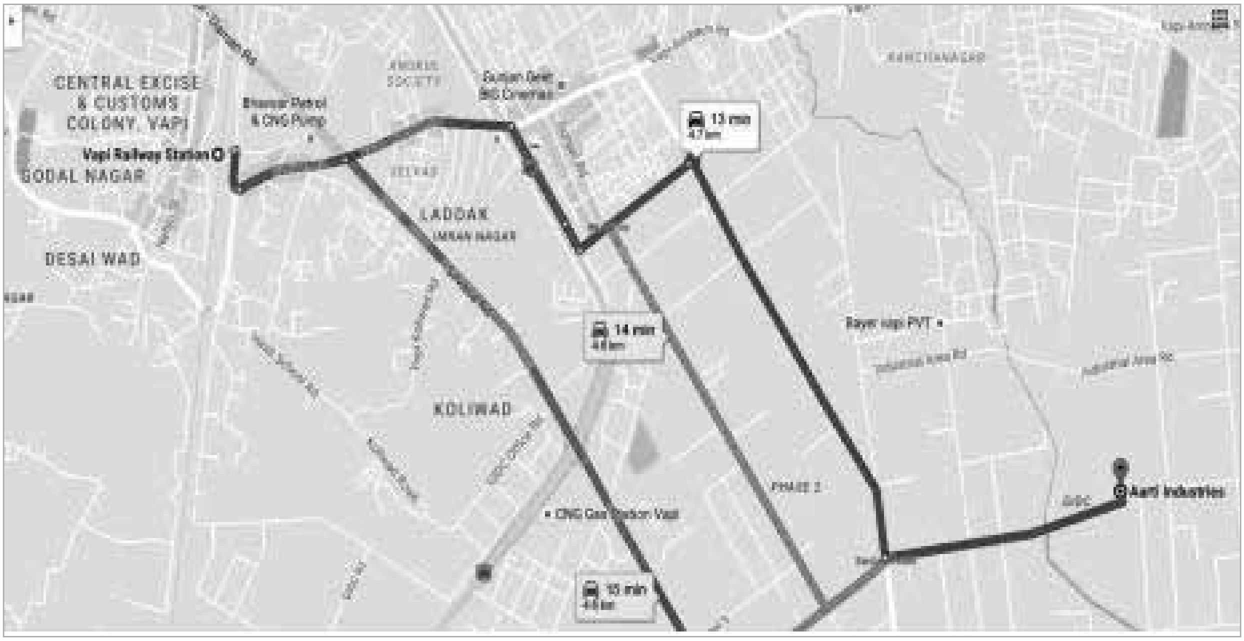
Keeping in view the above, consent of the members is sought for passing the Special Resolution as set out at Item No. 14 of the Notice. This enabling resolution authorises the Board of Directors of the Company to offer or invite subscription for redeemable non-convertible debentures, as may be required by the Company, from time to time and as set out herein, for a period of 1 (one) year from the date of passing this resolution.

Your Directors recommend the resolution for your approval as a Special Resolution.

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

Registered Office:	By order of the Board
Plot Nos. 801, 801/23,	
GIDC Estate, Phase III,	
Vapi-396 195,	**CS MONA PATEL**
Dist. Valsad, Gujarat	Company Secretary
Place: Mumbai	
Date: 11th August, 2017	

ROUTE MAP TO THE VENUE OF ANNUAL GENERAL MEETING



AARTI INDUSTRIES LIMITED

CIN: L24110GJ1984PLC007301
Regd. Off.: Plot Nos. 801, 801/23, GIDC Estate, Phase III,
Vapi - 396195, Dist. Valsad, Gujarat

34TH ANNUAL GENERAL MEETING – Wednesday, 27th September, 2017

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):

Registered address:

E-mail Id:

Folio No./ Client Id: DP ID:

I/We, being the member(s) of .... shares of the above named company, hereby appoint:

1. Name: .... Address: ....

   E-mail Id: .... Signature: .... or failing him/her;

2. Name: .... Address: ....

   E-mail Id: .... Signature: .... or failing him/her;

3. Name: .... Address: ....

   E-mail Id: .... Signature: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on the Wednesday, 27th September, 2017 at 11.00 a.m at Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat and at any adjournment thereof in respect of such resolutions as are indicated overleaf.

Resolution Number	Resolution	Optional*	
		For	Against
Ordinary Business			
1.	Adoption of Financial Statements for the year ended 31st March, 2017.		
2.	Declare dividend for the financial year ended 31st March, 2017.		
3.	Re-appointment of Shri. Manoj M. Chheda, who retires by rotation and being eligible, seeks reappointment.		
4.	Re-appointment of Shri. Kirit R. Mehta, who retires by rotation and being eligible, seeks reappointment.		
5.	Appointment of M/s Kirtane & Pandit LLP, Chartered Accountants as Statutory Auditors.		
Special Business			
6.	Approval to Increase Commission payable to Executive Directors.		
7.	Re-appointment of Shri Rashesh C. Gogri, as the Managing Director for a period of 5 (Five) years with effect from 9th June, 2017.		
8.	Re-appointment of Shri Renil R. Gogri, as a Whole Time Director for a period of 5 (Five) years with effect from 16th August, 2017.		
9.	Re-appointment of Shri Rajendra V. Gogri, as the Managing Director for a period of 5 (Five) years with effect from 1st July, 2018.		
10.	Special Resolution to Re-appoint Shri Ramdas M. Gandhi as an Independent Director for a period of 5 (Five) years from the date of Annual General Meeting.		
11.	Special Resolution to Re-appoint Shri Laxmichand K. Jain as an Independent Director for a period of 5 (Five) years from the date of Annual General Meeting.		
12.	Approval to charge fees in advance for service of documents.		
13.	Ratification of the remuneration to be paid to Cost Auditor.		
14.	Special Resolution to approve the issue of Non-Convertible Debentures on private placement.		

Signed this .... day of 2017

Affix Re. 1/-
Revenue
Stamp

Signature of Proxy holder(s) .... Signature of shareholder ....

Notes :-

1. this form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, 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.

* It is optional to put a ' √ ' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

AARTI INDUSTRIES LIMITED

CIN: L24110GJ1984PLC007301
Regd. Off.: Plot Nos. 801, 801/23, GIDC Estate, Phase III,
Vapi - 396195, Dist. Valsad, Gujarat

ATTENDANCE SLIP

34th ANNUAL GENERAL MEETING – Wednesday, 27th September, 2017

Shareholder Name Sr. No.

Address

Folio No./Client ID, DP

No. of Shares

I/we hereby record my/our presence at the 34th Annual General Meeting of the Company at Plot Nos. 806, 807 GIDC Estate, Phase III, Vapi - 396 195, Dist. Valsad, Gujarat on Wednesday, 27th September, 2017 at 11.00 a.m.

Member's/Proxy's name in Block Letters Member's/Proxy's Signature

Note: Please fill up the attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.

AARTI INDUSTRIES LIMITED

CIN: L24110GJ1984PLC007301
Regd. Off.: Plot Nos. 801, 801/23, GIDC Estate, Phase III,
Vapi - 396195, Dist. Valsad, Gujarat

ELECTRONIC VOTING PARTICULARS

EVSN (E-Voting Sequence Number)	USER ID	PAN/SEQUENCE NUMBER

Note: Please read instructions given at Note no. 14 of the Notice of the 34th Annual General Meeting carefully before voting electronically.

CHEMEXCIL presented the company 'Trishul Award' for outstanding export performance for FY 15-16

Forest & Environment Dept., Govt. of Gujarat presented the Gujarat Cleaner Production Award to Aarti's Jhagadia Unit

AARTI INDUSTRIES LIMITED

BSE - 524208
NSE - AARTIIND
CIN - L24110GJ1984PLC007301

Registered Office:
Plot Nos. 801, 801/23 GIDC Estate
Phase III, Vapi 396 195
Dist. Valsad, Gujarat
Website: www.aarti-industries.com

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2016-17

Business Responsibility Report

Overview

Aarti Industries Limited is one of the most competitive benzene-based speciality chemical companies in the world. Globally ranks at 1st – 4th position for 75% of its portfolio. Tagged as "Partner of Choice" by various Major Global & Domestic Customers.

Present in niche chemistry spaces with relatively low competition. Aarti Industries Ltd is engaged in a multi-year multi-product relationships with several leading global customers.

Aarti Industries operations are:

- Highly integrated operations
- Cost-efficient processes
- Extensively integrated across more than 70 products; the product of one chemical reaction represents the raw material of another

This Business Responsibility Report is in keeping with the Aarti Industries commitment to responsibility and accountability towards all its stakeholders. The Directors of Aarti Industries Ltd present the Business Responsibility Report of the Company for the financial year ended on 31st March,2017, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015.

In line with SEBI's proposed format for Business Responsibility Report and the nine principles of the Government of India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business', this report delineates Aarti Industries Ltd efforts to conduct business with responsibility.

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L24110GJ1984PLC007301
2. Name of the Company: Aarti Industries Ltd
3. Registered Address: 71, Plot Nos. 801, 801/23, G.I.D.C. Estate, Phase - III, Vapi, Dist. Valsad, Gujarat - 396195
4. Website: www.aarti-industries.com
5. E-mail Id: investorrelations@aarti-industries.com
6. Financial Year Period: 2016-17
7. Sector(s) that company is engaged in (industrial activity code-wise):

Industrial Group	Description
210	Pharmaceuticals
201	Chemicals
202	Surfactants

AARTI INDUSTRIES LIMITED

8. List three key products / services that the Company manufactures / provides (as in balance sheet):

1. Para dichloro benzene
2. Ortho nitro aniline
3. Para nitro chloro benzene

9. Total number of locations where business activity is undertaken by the Company:
   9.1 Number of International locations: None
   9.2 Number of National locations: 17 units located

10. Markets served by the Company (Local / State / National / International): National
India, Americas, Europe, China, Japan, Rest of the world

Section B: Financial Details of the Company

1. Paid up Capital (INR): 41.06 crore
2. Total Turnover (INR): 3050.22 crore
3. Total Profit after Taxes (INR): 306.68 Crore
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):2.37% (Rs. 7.27 Crores)
5. List of activities in which expenditure in 4 above has been incurred:
   - Cluster & Rural Development
   - Education & Skill Development
   - Childcare & Healthcare Facilities
   - Women Empowerment & Livelihood Opportunities
   - Disaster Relief & Rehabilitation
   - Eradication of Hunger & Poverty
   - Water Conservation & Environment
   - Research & Development work for upliftment of Society
     (for detailed information please refer Annexure A : Annual Report on CSR Activities)

Section C: Other Details

Sr. No.	Disclosure item	Response
1	Does the Company have any Subsidiary Company/ Companies?	The Company has 7 subsidiary companies as on 31st March 2017: • Aarti Corporate Services Limited • Ganesh Polychem Limited • Innovative Envirocare Jhagadia Limited • Alchemie (Europe) Limited • Aarti USA Inc. • Shanti Intermediates Private Limited • Nascent Chemical Industries Limited
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the	Business Responsibility initiatives of the parent Company are applicable to the subsidiary

	parent company? If yes, then indicate the number of such subsidiary company(s)	companies to the extent that they are material in relation to the business activities of the subsidiaries
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with / participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities (less than 30%, 30-60%, more than 60%).	No

Section D: BR Information

Directors responsible for BR:

Name	Designation	DIN
Smt. Hetal Gogri Gala	Executive Director	00005499
Shri Renil Rajendra Gogri	Executive Director	01582147

Details of the BR head:

Smt. Hetal Gogri Gala and Shri Renil Rajendra Gogri, Whole-time Directors of the Company oversees the BR implementation. The Company does not have a BR head as of now.

1. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N):

At Aarti Industries Business Responsibility is guided at the Company by India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' which articulates nine principles as below:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

All the nine principles as articulated in India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' are covered by policies of AIA as outlined in the table below:

BR Policies and coverage of NVG nine principles

Sr. No.	Questions	Business Ethics	Product Responsibility	Welfare of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Value to customers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for:	Yes	No	Yes	Yes*	Yes*	Yes	Yes	Yes	No
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	N	Y	Y	Y	Y	Y	Y	N
3	Does the policy conform to any national / international standards? If yes, specify? (The policies are based on the NVG-guidelines in addition to conformance to the spirit of international standards like ISO 9000, ISO 14000, OHSAS 18000, UNGC guidelines and ILO principles)	Y	N	Y	Y	Y	Y	Y	Y	N
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	N	Y	Y	Y	Y	Y	Y	N
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	http://aarti-industries.com/investors/corporategovernance/policies								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to relevant internal Stakeholders. The communication is an ongoing process to cover all internal and external stakeholders.								
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y

10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	Y	N	N	Y	N	N	Y

*P4, P5 and P7 are detailed in our Business Ethics and Fair Business Practice Policies, the applicability and scope of these policies will have to be widened to include the NVG requirement of impacted stakeholders.

Y Yes

N No

NA Not Applicable

Few Policies are adopted under the authority given by the Board

* Policies available on internal portal which is accessible only to employees

** Policies available on Company website -

2. If answer to Sr. No 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	Business Ethics	Product Responsibility	Welfare of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Value to customers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months		√							√
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

*P7 – Public Policy will form a part of our stakeholder engagement policy.

Governance related to BR:

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually

2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This is the Company's first Business Responsibility Report

Section E: Section Wise Performance

Principle 1: Ethics, Transparency & Accountability

Businesses should conduct and govern themselves with ethics, transparency and accountability

Core Values which governs the working of the Company are Care, Integrity and Passion for Excellence. The Company values and promotes a culture of high integrity and is proud that its employees demonstrate behaviour that is honest and transparent. The Company has adopted the Code of Conduct (CoC) with the aim to follow and maintain the highest ethical and moral standards, in compliance with applicable laws, and in a manner that excludes considerations of direct and indirect personal advantage / gains, bribery or corruption.

The Code applies to every employee, director and officer in the Company, suppliers, customers, contract staff, contractors and consultants who are agents of, or working on behalf of, or for the Company (through outsourcing of services, processes or any business activity), are required to act consistently with the CoC.

The Company's Directors and Senior Management are required to abide by a separate CoC. Their affirmation to the CoC is communicated to all stakeholders by Managing Director, through a declaration in the Annual Report.

The Company's commitment towards doing business responsibly is built upon its CoC and is complemented by:

- Well-structured internal control systems for regular assessment of effectiveness of company's code of conduct policy, its understanding and adherence.
- A robust governance structure, the Aarti Compliance Committee evaluates and monitors conformance to the Code

An effective vigil mechanism/whistle blower policy in place to report to the management instances on unethical behaviour and any violation of the Company's code of conduct.

The Company has instituted a Committee to redress complaints received regarding sexual harassment. NIL complaint was received in 2016-17 and the same was closed / pending after following the due process.

Under the Whistle Blower Policy of the Company, there were NIL complaints received in 2016-17.

Stakeholder complaints that have been received in the past financial year:

Status / Stakeholders	Received	Addressed	Resolved	Pending as on 31.03.2017
Investors	2	2	2	NIL
Employees	NIL	NIL	NIL	NIL
Customers	NIL	NIL	NIL	NIL
Suppliers	NIL	NIL	NIL	NIL
Communities	NIL	NIL	NIL	NIL

Principle 2: Products contributing to sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

During the product development process, the Company ensures that the manufacturing processes and technologies required to produce it are resource efficient and sustainable, there are systems in place that help identify risks and plans to mitigate each risk. All units have implemented QMS ISO 9001-2008.

During new- product development stages the Company has a continuous improvement management system in place that helps address product stewardship principles:

- Thermal stability studies are conducted to understand the exothermicity of the reaction and in turn determine the safe operating parameters (e.g. temperature)
- RC1 studies and risk management studies are conducted to identify all inherent risks to the product and processes that manufacture the same
- Understanding environmental aspect-impacts begin at R&D stage itself, here effluents are analysed with the help of 3rd party experts and steps taken to minimise the risks over and above compliance requirements of the pollution control boards (PCBs).
- Follow a very systematic scale up procedure from R&D-pilot trials-technology selections - commercial production, the Company:
    - Conducts the HAZOP study at the pilot trials and technology selection stage , this helps identify operational risks and create SOPs and systems procedures to mitigate and contain such risks
    - Undertakes a pre-start up safety review before commencement of production.

The company partners with the customer at the product development stage itself, discussions focus around quality, packaging, H&S, and environmental parameters like resource efficiencies.
Improvement in product quality reduces waste generation at the customer's end, at each stage samples are tested at the customer's end, this helps to minimise negative impacts and improve quality.

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Production stage performance:

1. Product Group 1: Chloro Anilines (OCA, PCA, 24 DCA, 25 DCA, 26 DCA, 245 TCA, 34 DCA, 35 DCA)

% reduction in effluent water/ton of product	Investment (INR)	Savings (INR/ p. a)	Payback period
25%	32,39,962	1,61,98,336	2.4 months

2. Product Group 2: Phenyelene diamines (MPDA, OPDA, PPDA)

Electrivity, Kwh/ton of product		Coal, kg/ton of product		Investment (INR)	Savings (INR/ p. a)	Payback period
Before	After	Before	After	30,00,000	2,25,00,000	2 months
10	2	193	39			

3. Product group 3: Nitro chloro benzenes (PNCB, ONCB, MNCB)

Earlier total in-process material holding at a given point of time in NCB plant was ~2000 MT but after changing process more lean, now in-process material is ~600 MT. It also has improvement in-inherent process safety, environment risks.

There are no incidents of non-compliance with regulations or voluntary codes resulting in fine, penalty or notice concerning emissions, health and safety impacts of its products and services during their life cycle.

- Product labelling

The Company endeavours to provide customers with appropriate labelling and signages, in case of direct to market, bulk or intermediary products, product information such as lot no., product ingredient specifications along with gross weight and net weight, percentage of each ingredient, date of manufacture and date of expiry are printed on product packaging in accordance with applicable regulations.

The Company discloses all information truthfully and factually including the risks to the individual. Where required, the Company also educates their customers on the safe and responsible usage of their products including guidelines for product handling, storing at customers end, the same is visibly placed on all product packaging.

- Sustainable sourcing

The Company's commitment towards sustainable and responsible procurement stems from its internal vision of "Growth with sustainability for Sustainable Growth". The company has developed a Responsible Sourcing Policy that details compliance with the environmental and social requirements, regulations and company policies, the same will be deployed in the coming reporting period.

The Company will begin by creating awareness amongst all suppliers, this will then be followed by assessments of both new and existing supplier on these criteria.

The Company's endeavours to procure inputs from within , 70% of the Company's suppliers are local*, these are made up of raw material, packing, services, engineering stores and spares.
Our suppliers derive benefits of association with the Company through:

a. Long term association
b. Fair price, formula based pricing
c. Sharing of long term business plan
d. Volume based business
e. Annual contract
f. Backward integration

The Company currently identify all suppliers on the basis of their long term capabilities, technological competencies, growth plan and commercial competitiveness. It has a total of 5,291 live vendors, 83% of all vendors are local.

On site visits are conducted for newly identified raw material and packing material vendors. The Company builds capacities of suppliers where few qualities are lacking but potential of long term partnership is high. (**Local – India)*

The Company ensure the sustainability of resources by reducing, reusing, recycling and managing waste. It has embraced the "3-R" (Reduce, Reuse and Recycle) philosophy for all types of wastes leading to minimization of air emissions, liquid effluents, solid wastes, in line with legal requirements and industry best practice. Please refer to P6 for more details

Principle 3: Welfare of Employees

Businesses should promote the well-being of all employees

The Company is committed to care for its people, guided by its core values, it is committed to providing an environment which is free from harassment, encourages employees to perform to their utmost abilities.

The Company maintains equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation. As far possible it provides employment to local people in semiskilled/unskilled areas.

The Company ensures compliance of all applicable employee related statutes which guarantees the social security benefits, proper and safe working environment, wages, timely payment, bonus, leave benefits, working hours, breaks, maintaining hygiene, health, prohibition of child labour and respecting their all fundamental and human rights.

The sexual harassment policy ensures that employees at all levels can work together in an environment free from gender discrimination and harassment, ensure that all are provided with equal opportunities from expression and progress.

The manpower at Aarti Industries Limited as on 31st March, 2017 is detailed as below:

LOCATION	Nos. of employees on Roll as on 31.03.2017	No. of Female employees	Nos. of Physically Challenged employees	% of Unionised category of employees	Nos. of Contract employee
Chemical					
Vapi	1265	5	9	0	2429
Jhagadia	639	0	4	0	994
Dahej	123	0	0	0	219
Kutchh	210	0	3	0	322
Tarapur-II	106	1	1	64%	35
API (Pharma)					
Tarapur	1164	33	0	40%	430
Surfactants					
Silvassa	77	0	0	0	125
Pithampur	78	1	0	0	100
Mumbai	200	54	1	0	30
Total	3862	94	18		4684

All employees are provided various liberal fringe benefits like subsidised canteen facility, loan facility, insurance benefits, transportation facility, annual medical check-ups to ensure the care, comfort and enhance the wellbeing of all employees. Additional accommodation is also provided by our surfactants business for employees.

The Company's value framework and cultural attributes ensures creating an environment of mutual respect, trust, ensuring the Safety, maintaining the decent standard of living, continuous learning, coaching and development of people with continuous improvement in all our business processes to compete at a global level. The Company boosts employee moral by giving awards and rewards.

99% and 80% of all permanent employees received skill upgradation trainings in the chemicals and pharma business respectively

Skill upgradation trainings included functional Trainings, Behavioural Trainings and Statutory and systems Trainings.

Collective Bargaining

The Company respects and is committed to the right to freedom of association, participation and collective bargaining. At every manufacturing plant, a committee addresses the issues raised through grievance redressal mechanism, alternatively employees meet their Line manager or Head HR for any issue.

The Company's employees at Tarapur participate in union activities, the others do not form part of any collective bargaining mechanisms.

Occupational Health & Safety:

The Company practices the motto of 'safety first' in all our operations. In doing so, the Company maintains detailed, up-to-date programs covering Safety, Health, Hazards communication, and Emergency Preparedness. The Company is actively committed to the continuous improvement of the standards of Safety and Health in the workplace. Full-time safety supervisors ensure that all onsite work is carried out in a safe manner, in full compliance with clients' safety as well as local and national regulations.

The pharma division replaced the once through ventilation system with a total of four air handling units to reduce the micro-organism growth in the reporting period.

All the procedures are available in place for safety & hygiene also trainings conducted on regular basis for safety & hygiene. Further the company provides periodic medical check-ups to ensure the health of employees.

Safety trainings included Safety Induction, First Aid, Emergency Preparedness, Material Handling, PPE, ERT and Fire Prevention. Shop floor trainings included SOPs and Daily Tool Box Talks.

Following is the chart showing the percentage of employees undergone through safety and skill up-gradation training in last year

Employee type	Pharma	Surfactants	Chemicals
Permanent %	100	100	78
Permanent women %	100	100	90
Contract/ Temporary/ Contractual %	100	100	100
Differently abled	100	100	100

A total of 40 health related and 60 safety related trainings were conducted by the Pharma division in the reporting period.

No Complaints has been received relating to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment during the financial year.

Principle 4: Stakeholder Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

The Company deals with all those it comes in contact with fairness and integrity. The Company acknowledges its responsibility towards its stakeholders and is committed to engaging with all concerned stakeholders who are directly or indirectly affected by the business processes and decisions. The Company endeavours to understands their concerns, defines purpose and scope of engagement, commits to engaging with them and resolves differences with stakeholders in a just, fair and equitable manner

The company's stakeholders include its employees, investors, customers, suppliers and communities

Investors

The Company has an established mechanism for Investor service and grievance handling with its Registrar & Share Transfer Agent and the compliance officer appointed by it. The Company periodically ensures that all queries, complaints and grievances reported through the investor grievance redressal mechanism are addressed and resolved on timely basis.

Employees

The Company's culture and values provides a value proposition to employees and engages them in a work profile by providing challenging opportunities which fulfil their need of "self- realisation" and thus feel proud of the company.

Activities carried out for both employees and contract workers during the year-2016-17 included celebration of safety day, sports day, national holidays, blood donation drives. Festival celebrations include company employees and their families as well, the managerial talent hunt organised for employees was a great engagement activity. The Company started an in-house Magazine- "Inside Aarti", in the reporting period.

Statutory bodies

The Company maintains cordial relation with all its stakeholders including statutory bodies and regulators. It also maintains records as statutorily required and ensures internal and external compliances.

Suppliers

The Company recognizes the importance of forging strong relationships and deals with integrity and fairness with its vendors and suppliers to build strong supplier relationships. The Company endeavours to deliver high quality products at the right cost and time, and recognises the need to build long-term, relationships more than just a simple purchasing transaction;

The Company is in the process of developing its Supplier Code, it will then identify its suppliers and audit existing suppliers based on compliances related to quality, environment, labour norms including health and safety.

Grievances received were largely due to payment details, in order to rectify this the Company has adopted a 'Zero Tolerance System ' as far as Documentation delays(e.g. GRN , Invoice feeding delays) and a mass payment system that prompts invoice maturity. In case a grievance remains unresolved the supplier has the flexibility of approach a senior director of the company for swift resolution. Details with respect to grievance received during the course of FY 2016 – 17 can be found in Section E.

Customers:

The Company deals with its customers with integrity and fairness, it is committed to producing quality products and maintain customer trust by delivering it on time. The Company is also committed to developing new products in an ethical and responsible manner, and to following applicable ethical standards and guidelines relating to research.

The Company has over 500 domestic and 150 international customers. Customers derive benefits of fair pricing, reliability because of downstream integration, focus on environment, long term contracts, flexibility in sale and delivery terms, and maintenance of safety stock for customers.

The Company provides adequate grievance handling mechanisms to address customer concerns and feedback. On receiving a customer complaint, the sales and marketing in-charge forwards the same to concerned function for redressal. This is managed by the deviation management process. The problem is analysed, corrective action plan is formulated and communicated to the customer. A customer approval is sought to close the complaint.

Communities

The Company has identified from its local communities those who are disadvantaged, vulnerable and marginalised. The Company has also identified small local suppliers who with requisite support has become long term suppliers. It makes a positive difference in the communities through partnering with select non-profit organizations. For details on community initiatives, please refer to Principle 8.

Please refer to Section E for stakeholder complaints that have been received, addressed and resolved satisfactorily by the Management.

Principle 5: Human Rights

Businesses should respect and promote human rights

The Company recognizes and respect the human rights of all concerned stakeholders within and beyond the workplace. The Fair Business Practices policy that details human rights currently covers only the Company, the Human Rights policy is under development and will be signed off in the coming reporting period.

The Company ensures that human rights enshrined in the Constitution of India and the International Bill on Human rights is not violated across its operations. The Company ensures that all individuals impacted by the business have access to grievance mechanisms, no such complaints were received in the period under review.

Principle 6: Environment

Businesses should respect, protect, and make efforts to restore the environment

The Company is committed to engaging in environmentally sound practices and therefore endeavours to meet or exceed the requirements set forth by the environmental laws, rules and regulations that govern its business. The Environment policy currently covers its operations and contract employees, the Company plans to communicate this policy to suppliers, customers and business associates in the coming reporting period.

The Company's strategy is to pursue sustainable growth with sustainability that reflects in our:

- Commitment to Safety and Health
- Commitment to Environment
- Commitment to Energy Efficiency

The Company is committed to adopt latest technologies and integrate Energy and Environmental considerations into the design of its infrastructural facilities

The Company has developed its Environment Management Systems (EMS), 4 units (four) have implemented IS0 14001, the certification has been renewed in the reporting period, the surfactants business aims to receive an ISO 14001 certification in 2018

The Company's Jhagadia plant units 1 & 2 have been the recipient of the Gujarat Cleaner production award for FY 2014-15, the parameters assessed included Materials, Fuel & Energy, Water Consumption, Waste Water, Solid & Hazardous Waste.

In the manufacturing processes our technical teams work on the 3R principle Reduce – Recover-Reuse principle.

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Greening the environment:

In order to positively impact climate change, the units located at Vapi, Dahej and Jhagadia have planted 2000, 1000 and 2000 saplings respectively as part of their environment day celebration in the reporting period. Saplings planted were of indigenous nature.

Energy Efficiency

Some of the Company's energy efficiency projects cited below helped reduce the use of natural resources like coal or natural gas in boilers.

Chemicals

- Waste heat recovery – waste heat is used to generate steam for low pressure applications. Chlorine one of the major raw materials is shipped in tonners at a high pressure. The release of pressure results in a drop in temperature which is utilised to cool water, this in turn is used in processes like product crystallisation.

- Product Group 1: Chloro Anilines (OCA, PCA, 24 DCA, 25 DCA, 26 DCA, 245 TCA, 34 DCA, 35 DCA
  Replacement of Steam jet ejectors with Vacuum compressors & Boosters: which has resulted in savings of steam and elimination of effluent generated from ejector circuits

- Product Group 2: Phenyelene diamines (MPDA, OPDA, PPDA)

  Utilisation of Waste Steam generated from condensors is used to heat the storage tank jackets leading to reduction in electricity and boiler steam consumption.

Pharma

- Commissioned an express feeder in January 2016 at the Tarapur unit reducing energy dependency.
- Upgradation of the Multiple Effect Evaporators (MEE) plant with the Stripper unit to improve the efficiency, save operating and disposal costs, and minimize scaling in the evaporator
- Replaced the fluorescent, high pressure mercury sodium vapor lights (125/80) with 300 sets of LEDs 30/18 W

Surfactants:

- The Silvassa unit plans to commission a waste heat recovery project by December 2017, here waste heat is utilised to generate steam for low pressure applications.
- Switched to R-132 based air-conditioning systems in the reporting period.

Solar Energy

The Company has completed installation of solar panels at the following units:

- Alchemie Organic Division, Plot No: 902. IIIrd Phase at GIDC- Vapi, Capacity 35Kw solar panels and plans to install 15 Kw in the next reporting period

- Aarti Industries Ltd., Plot No. 758 , Jhagadia, Dist-Bharuch, Capacity 100kw
- Dahej unit, Plot no: Z/103/H, Dahej SEZ-II, Dist- Bharuch, Capacity 150kw
- Aarti Industries Limited (Anushakti Division), Kutch, Capacity 300kw
- Aarti Industries Limited (Head Office – 71, Udyog Khsetra, Mulund-Goregaon Link Road, Mulund (W), Mumbai- 400 080)

Industrial Effluents and Air Emissions

The Company takes measures to check and prevent pollution. The Company reports their environmental performance, including the assessment of potential environmental risks associated with their operations, to the State Pollution Control Boards (SPCB) and any other regulatory authority as required

Chemicals

- The Acid division, custom synthesis division, Jaghadia units 1 & 2, Unit located at Kutch have implemented Zero-Liquid Discharge plant, (ZLD) since the last five years.
- The Alchemie Organic Division located at Vapi, Plot No. 902, has gone for expansions in plant capacity, as part of its environment clearance has voluntarily proceeded to install a ZLD. This is under commissioning and will be active in September 2017. The installation of a similar ZLD unit in the Amine division as part of the expansion will be commissioned by the end of the next financial year. The new plant commissioned at Dahej SEZ II, has also commenced operation of its ZLD unit in the current reporting period.
- Where ZLD is not yet implemented the general industrial effluents are discharged and treated at the common effluent treatment plants (CETP) in Gujarat

Pharma

- Installation of a waste water recycling plant at the Tarapur unit in January 2016, the unit now recycles 12000 litres / day prior to disposal.
- Procurement of an RO plant for the ETP and Utility Cooling Tower blow-down water treatment.

Surfactants

- ZLD plants are present at both the Silvassa and Pithampur units.
- Any liquid waste is converted to saleable solids at the Silvassa plant. While at the Pithampur plant, solid waste is converted to liquid and reused.

Units have installed online monitoring systems for monitoring of air emissions and effluent discharge that is connected to the SPCB or CPCB. A third party monitoring is conducted on a quarterly basis Performance via the online monitoring systems are overseen by a central cell of the Company located at Vapi.

Hazardous Waste (solid)

Hazardous Waste is categorised and disposed of as below:

- Low calorific value waste comprising of ETP sludge is sent to landfill

- High calorific waste comprising of distillation residues and other organic impurities are sent to common incineration facilities or for co-processing.
- E waste is sent to authorised re-cyclers
- Biomedical waste generated from our occupational health centre is disposed through the common bio –medical waste facilities
- Electro static precipitator plant (ESP) waste is converted into powder and sold
- The Company's chemical business has been issued 16 show cause notices, all have been addressed and resolved in the reporting period.

Principle 7: Policy Advocacy

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company utilizes the following trade and industry chambers and associations to undertake policy advocacy.

- Chemicals Exports council (CHEMEXIL)
- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of commerce and Industry (FICCI)
- Indian Merchants Chamber (IMC)
- Bombay Chamber of Commerce

Annually, the company participates in events like CPhI – a pharma event, and Chemspeck where the representatives meet existing and potential suppliers.

A representation was made to the Minister for Road, Transport, Port Trust & Petroleum products, in the general interest during the reporting period.

Principle 8: Inclusive Growth

Businesses should support inclusive growth and equitable development

At Aarti Industries, we believe that our objective is to engage in utilizing our resources for the wider good.

Pursuant to the requirements detailed in Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Ministry of Corporate Affairs the Company has developed its Corporate Social Responsibility policy.

The Company through Aarti Foundation and various other NGOs have undertaken various CSR programmes, the flagship programmes are in the areas of Education of underprivileged children and healthcare

Whilst working very closely with NGOs and educational institutes, the Company feels happy to report that 3000 students from underprivileged backgrounds study directly under various schemes.

The CSR committee of the board guides policy implementation, monitoring and reporting. The CSR policy is available on the website of the Company. The Company's direct contribution to community development projects has been 6.04 crores for the reporting period 2016-17
Please refer CSR Report annexed to the Board's Report of FY 2016-17.

Principle 9: Value to customers

Businesses should engage with and provide value to their customers and consumers in a responsible manner

The company is committed to producing quality technical products and maintaining customer trust. Communication materials discuss the company's manufacturing processes that focus on performance improvement programs including a focus on energy efficiency, productivity, health and safety, and environmental aspects.

The Company promotes and advertises their products in ways that do not mislead or confuse the consumers or violate any Guidelines. It uses trade magazines, trade fairs, product listing which is available on the Company's website to promote its products.

A customer satisfaction survey is conducted annually by the Company, this is undertaken on a sample basis with key customers. The parameters focus on product quality & consistency, packaging, on time deliver, On time In Full (OTIF), customer services including invoicing and dispatching and marketing processes. The areas identified for improvement is on-time delivery and speed of response.
There were no consumer cases pending at the end of the reporting period.

There were no cases filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the reporting period.

For details with respect to customer grievance handled during the course of FY 2016 – 17, please refer to Section E.

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