

Report on Corporate Governance

(1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Guided by its core values; Care, Integrity and Excellence, your Company is committed to the adoption and adherence to Corporate Governance Practices that ensure; adequate Transparency to take informed decision and building Trust for impactful collaboration. These Governance Practices help enhancement of long-term shareholders value and interest of other Stakeholders and also helps to align with our strategy of 'Growth with sustainability for a sustainable growth'. The Company is committed to maintain high standards of Corporate Governance to achieve business excellence and strengthen the confidence of all 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. Our Board also believes that Corporate Governance is not an end, it is just beginning

towards growth of Company for long term prosperity. Continuous efforts taken towards strong governance practice have rewarded the Company in the sphere of stakeholders confidence, valuation, market capitalization and high credit rating.

(2) BOARD OF DIRECTORS

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

- (i) The 'Board' is constituted with appropriate combination of Executive Directors, Non-Executive Directors and Independent Directors, as per prevailing regulatory requirements. Board presently consists of 16 (Sixteen) members of whom 7 (Seven) are Executive, 1 (One) is Non-Executive and 8 (Eight) are Independent 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 held on September 27, 2017 |
|-------------------------|--|----------------------------|---|--------|--------------------------------|---|
| | | | 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. | 3 | None | 2 | 6 | Yes |
| Shri Shantilal T. Shah | Promoter/ Vice-chairman, Non-executive | 3 | None | None | 5 | Yes |
| Shri Parimal H. Desai | Promoter/Executive | 1 | None | None | 6 | Yes |
| Shri Manoj M. Chheda | Executive | 1 | None | None | 4 | Yes |
| Smt. Hetal Gogri Gala | Executive | 1 | None | None | 6 | Yes |
| Shri Kirit R. Mehta | Executive | 3 | None | None | 4 | Yes |
| Shri Renil R. Gogri | Executive | None | None | None | 4 | Yes |
| Shri Ramdas M. Gandhi | Independent Non-executive | 3 | 3 | 2 | 6 | Yes |
| Shri Laxmichand K. Jain | Independent Non-executive | None | None | None | 6 | No |

| 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 held on September 27, 2017 |
|---------------------------|---------------------------|----------------------------|---|--------|--------------------------------|---|
| | | | Chairman | Member | | |
| Shri Vijay H. Patil# | Independent Non-executive | None | None | None | 2 | No |
| Shri P. A. Sethi | Independent Non-executive | None | None | None | 5 | Yes |
| Shri K.V.S. Shyam Sunder | Independent Non-executive | 2 | 1 | 1 | 6 | Yes |
| Shri Bhavesh R. Vora | Independent Non-executive | 1 | None | 2 | 6 | Yes |
| Prof. Ganapati D. Yadav | Independent Non-executive | None | None | None | 3 | Yes |
| Smt. Priti P. Savla | Independent Non-executive | 1 | None | None | 5 | Yes |
| Shri Radheshyam S. Rohra§ | Independent Non-executive | 1 | None | None | 1 | N.A. |

* 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.

ceased to be director effective from September 27, 2017.

§ Appointed as on December 21, 2018 by Board of Directors.

The number of Directorships, Chairmanship/ Membership in Committees of all Directors is within prescribed limits under Companies Act 2013 and Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) Appointment/ Reappointment during the year :

• Executive Directors :-

- The present term of Shri Rajendra V. Gogri expires on June 30, 2018, Based upon the recommendation of Nomination and Remuneration Committee followed by approval of the Board in its meeting held on August 11, 2017 and approval of the Shareholders in 34th Annual General Meeting, he has been re-appointed to continue as the Managing Director for the period of five years with effect from July 1, 2018.
- Shri Rashesh C. Gogri has been re-appointed as the Managing Director with effect from June 9, 2017 for the period of five years.

- Shri Renil R. Gogri has been re-appointed as the Whole time Director with effect from August 16, 2017 for the period of five years.

• Independent Directors :-

- Terms and conditions of appointment of independent directors have been disclosed at the Companies website on the weblink <http://aarti-industries.com/investors/corporategovernance/>
- Shri Ramdas M. Gamdhi and Shri Laxmichand K. Jain have been re-appointed as an Independent Directors with effect from September 27, 2017.
 - Shri Radheshyam S. Rohra has been appointed as an Additional Director in the category of Independent Director with effect from December 21, 2017.

(b) Board Meetings:

During the Year 2017-18, 6 (Six) Board Meetings were held on April 07, 2017, May 19, 2017, August 11, 2017, November 10, 2017, December 21, 2017 and February 3, 2018.

(c) 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.

(d) Shares held by Non-executive Directors in the Company as on March 31, 2018

| Name | Number of Shares held | % of Total Share-holding |
|-------------------------|-----------------------|--------------------------|
| Shri Shantilal T. Shah | 1715294 | 2.11 |
| Shri Ramdas M. Gandhi | 9532 | 0.01 |
| Shri Laxmichand K. Jain | 16550 | 0.02 |
| Prof. Ganpati D. Yadav | 1200 | 0.00 |

(e) Code of Conduct:

The Code of Conduct laid down by the Board is applicable to all the Directors and Senior Management of the Company. The Code is posted on the Company's website on the web-link; http://www.aarti-industries.com./media/investors/corporate_governance/1523527263_Code_of_Conduct_Aarti_Industries_Very_final.pdf All the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2018. A declaration to this effect, duly signed by the Managing Director (CEO) is annexed hereto, also declaration with regards to compliance with the Code of Conduct have been received from all the Board Members and Senior Management Personnel.

(f) Independent Directors:

- Separate Meeting of Independent Directors: During the year under review, the Independent Directors met on March 12, 2018 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.

(g) Familiarisation Programme

Induction, orientation or familiarisation programmes are part of our culture and applicable to all layers of management and the Board Members, which are designed based upon the position / job requirements.

Details of familiarization 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/1523528936_Familiarisation_Programmes_for_Independent_Dir_W8F2pK3.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 Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015.

(a) Composition of Audit Committee and meetings in 2017-18

| Members | Category | Date | I | II | III | IV |
|------------------------|------------------------------|--------|-----------|-----------|-----------|-----------|
| | | | 19-May-17 | 10-Aug-17 | 09-Nov-17 | 31-Jan-18 |
| | | Venue | Mumbai | Mumbai | Mumbai | Mumbai |
| | | Timing | 11:30 | 14:30 | 14:30 | 14:30 |
| Shri.Ramdas M. Gandhi | Independent Director | 4 | √ | √ | √ | √ |
| Shri Rajendra V. Gogri | Promoter, Managing Director | 4 | √ | √ | √ | √ |
| Shri Rashesh C. Gogri | Managing Director | 4 | √ | √ | √ | √ |
| Shri Parimal H. Desai | Promoter, Executive Director | 4 | √ | √ | √ | √ |

| Members | Category | | I | II | III | IV |
|----------------------------------|----------------------|--------|-----------|-----------|-----------|-----------|
| | | Date | 19-May-17 | 10-Aug-17 | 09-Nov-17 | 31-Jan-18 |
| | | Venue | Mumbai | Mumbai | Mumbai | Mumbai |
| | | Timing | 11:30 | 14:30 | 14:30 | 14:30 |
| Shri Vijay H. Patil# | Independent Director | 1 | N.A. | √ | N.A. | N.A. |
| Shri Laxmichand K. Jain | Independent Director | 3 | √ | √ | √ | - |
| Shri K.V.S. Shyam Sunder | Independent Director | 4 | √ | √ | √ | √ |
| Shri P. A. Sathi | Independent Director | 3 | √ | - | √ | √ |
| Shri Bhavesh R. Vora | Independent Director | 4 | √ | √ | √ | √ |
| Smt. Priti P. Savla [§] | Independent Director | N.A. | N.A. | N.A. | N.A. | N.A. |

§ The committee has been reconstituted last on February 3, 2018 and inducted Smt. Priti P. Savla as member of the Audit Committee.

ceased to be director effective from September 27, 2017.

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.

All the members of Audit Committee are financially literate and majority of them have accounting and financial management expertise. The Chairperson of the Audit Committee, Shri Ramdas M. Gandhi, attended the 34th Annual General Meeting held on September 27, 2017.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
- Management letters/ letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms if remuneration if the Chief Internal Auditor; and
- Statement of deviations.

(b) Terms of Reference :

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and those specified by the Board in writing. Besides having access to

all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required.

The Audit Committee acts in accordance with the terms of reference which, inter alia, include:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;
 - Matters required to be included in the 'Directors responsibility Statement'.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by Management
 - Significant adjustments made in the financial statements arising out of audit findings.

- Compliance with listed and other legal requirements relating to financial statement
 - Disclosure of any related party transaction
 - Qualifications/ modified opinion(s) in the draft audit report
- (v) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- (vi) Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the Company with related parties;
- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up thereon;
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (xviii) To review the functioning of the Whistle Blower Mechanism;
- (xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Carrying out any other function as is included in the terms of reference of the Audit Committee.

(4) NOMINATION AND REMUNERATION COMMITTEE

(a) Composition of NRC and its meetings in 2017-18

The composition of the Nomination and Remuneration Committee and its meetings in 2017-18 are given below:

| Members | Category | | | |
|--|-------------------|--------|--------|--------|
| | | Date | I | II |
| | | Venue | Mumbai | Mumbai |
| | | Timing | 11:30 | 11:30 |
| Shri Laxmichand K. Jain [§] Chairman (upto February 3, 2018) | Independent | 2 | √ | √ |
| Shri Ramdas M. Gandhi [§] Chairman (from February 3, 2018) | Independent | 2 | √ | √ |
| Shri Vijay H. Patil [#] | Independent | 1 | √ | N.A. |
| Shri P. A. Sethi [§] | Independent | N.A. | N.A. | N.A. |
| Shri K.V.S. Shyam Sunder [§] | Independent | N.A. | N.A. | N.A. |
| Shri Rajendra V. Gogri | Managing Director | 2 | √ | √ |

ceased to be director effective from September 27, 2017.

§ The committee was reconstituted on February 3, 2018 and thereby Shri Ramdas M. Gandhi has been re-designated as the Chairman whereas Shri P. A. Sethi and Shri K. V. S. Shyam Sunder has been appointed as members and Shri Laxmichand K. Jain has been ceased to be member of the committee.

(b) Brief description of terms of reference:

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

- (i) 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;
- (ii) To formulate the criteria for evaluation of Independent Directors and the Board;
- (iii) To devise a policy on Board diversity;
- (iv) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

(c) 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 without presence of the directors being evaluated.

(5) MANAGERIAL REMUNERATION

(a) 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.

(b) Details of Remuneration to Directors

Non-executive Directors were paid sitting fees at the rate of ₹ 12,000/- for each of the meeting of the Board or Audit Committee thereof attended by them. Vide resolution passed in the meeting of Board of Directors held on May 19, 2017 the said sitting fees were increase to ₹ 22,000 for each of the meeting

effective from June 1, 2017. Also Non-Executive Directors are paid sitting fees at the rate of ₹ 4,000/- each for the meetings of other committee(s) attended by them.

(Amount in Lakhs)

| Name of Director(s) | Salary | Other Perquisites | Commission | Sitting Fees | Total Remuneration |
|--------------------------|---------------|-------------------|---------------|--------------|--------------------|
| Shri Rajendra V. Gogri | 58.57 | 14.00 | 243.44 | - | 316.01 |
| Shri Rashesh C. Gogri | 58.57 | 14.00 | 243.44 | - | 316.01 |
| Shri Parimal H. Desai | 50.84 | 12.18 | 46.37 | - | 109.39 |
| Shri Manoj M. Chheda | 50.84 | 12.18 | 46.37 | - | 109.39 |
| Shri Kirit R. Mehta | 34.28 | 8.32 | - | - | 42.60 |
| Smt. Hetal Gogri Gala | 50.84 | 12.18 | 231.85 | - | 294.87 |
| Shri Renil R. Gogri | 42.01 | 4.72 | 115.92 | - | 162.65 |
| Shri Shantilal T. Shah | - | - | - | 2.12 | 2.12 |
| Shri Ramdas M. Gandhi | - | - | - | 2.20 | 2.20 |
| Shri Laxmichand K. Jain | - | - | - | 1.98 | 1.98 |
| Shri Vijay H. Patil | - | - | - | 0.60 | 0.60 |
| Shri P. A. Sethi | - | - | - | 1.68 | 1.68 |
| Shri K.V.S. Shyam Sunder | - | - | - | 2.12 | 2.12 |
| Shri Bhavesh R. Vora | - | - | - | 2.12 | 2.12 |
| Prof. Ganapati D. Yadav | - | - | - | 0.78 | 0.78 |
| Smt. Priti P. Savla | - | - | - | 1.22 | 1.22 |
| Shri Radheshyam S. Rohra | -- | -- | - | 0.44 | 0.44 |
| Total | 345.95 | 77.58 | 927.39 | 15.26 | 1366.19 |

Notes:

- The above figures do not include contribution to Group Gratuity Fund, Group Mediclaim & Group Personal Accident.
- 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.

(6) Stakeholders' Relationship Committee :

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, Stakeholders Relationship Committee (hereinafter referred as SRC) of the Board has been constituted to especially look into the mechanism of redressal of grievances of shareholders.

(a) Composition of Stakeholders Relationship Committee :

The composition of the Stakeholders' Relationship Committee and its meeting head in 2017-18 are given below:

| Name of the Directors | Category | 29-Sept-17 Mumbai 11:30 |
|---|---------------------------------------|-------------------------------|
| Shri Shantilal T. Shah (Chairman) | Promoter,Vice-Chairman, Non-executive | √ |
| Shri Rajendra V. Gogri | Promoter,Chairman & Managing Director | √ |
| Shri Manoj M. Chheda | Executive Director | √ |
| Shri Kirit R. Mehta [§] (Upto February 3, 2018) | Executive Director | √ |
| Shri Rashesh C. Gogri [§] (From February 3, 2018) | Executive Director | N.A. |

§ The committee was reconstituted on February 3, 2018 and thereby Shri Rashesh C. Gogri has been appointed as a member in place of Shri Kirit R. Mehta

(b) 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.

Shri Raj Sarraf, Company Secretary is designated as the 'Compliance Officer' with effect from November 16, 2017 who oversees the redressal of the investors' grievances.

(c) Shareholders' Complaints

During the year, 2 (Two) Complaints were received through SCORE portal of SEBI. All the Complaints were resolved to the satisfaction of the Shareholders as on the date of this report. No request for Share Transfer or Dematerialisation was pending for approval as on March 31, 2018.

(7) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

Pursuant to provisions of Section 135 of the Companies Act, 2013, 'Corporate Social Responsibility Committee' (hereinafter referred as CSR Committee) of the Board comprised of following members:

(a) Composition of CSR Committee:

The composition of the Corporate Social Responsibility Committee and its meetings held in 2017-18 are given below:

| Name of the Directors | Category | 12-Apr-17 Mumbai 12:30 |
|--|----------------------------|------------------------------|
| Shri Laxmichand K. Jain [§] Chairman (upto February 3, 2018) | Independent, Non-executive | √ |
| Shri Ramdas M. Gandhi [§] Chairman (from February 3, 2018) | Independent, Non-executive | N.A. |
| Smt. Hetal Gogri Gala | Executive | √ |
| Shri Kirit R. Mehta | Executive | √ |

§ The committee was reconstituted on February 3, 2018 and thereby Shri Ramdas M. Gandhi has been appointed and designated as the Chairman in place of Shri Laxmichand K. Jain who ceased to be member of the committee.

(b) Terms of Reference

- (i) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of Companies Act, 2013;
- (ii) Recommend the amount of expenditure to be incurred on the activities referred to in clause (i); and
- (iii) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

(8) GENERAL BODY MEETINGS:

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

| Financial Year | Day, Date & Time | Venue | Special Resolutions passed |
|-------------------------------------|---|--|--|
| 2014-2015 (32 nd AGM) | Thursday, September 24, 2015, 11:30 a.m. | Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat. | <ul style="list-style-type: none"> • Under Section 180(1)(c) of the Companies Act, 2013 to consent for borrowing funds upto ₹ 2,500 crores. • To approve the issue of Non-Convertible Debentures on Private placement upto ₹ 300 crores. |
| 2015-2016 (33 rd AGM) | Friday, September 30, 2016, 11:00 a.m. | Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat. | <ul style="list-style-type: none"> • 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. |

| Financial Year | Day, Date & Time | Venue | Special Resolutions passed |
|-------------------------------------|--|--|--|
| 2016-2017 (34 th AGM) | Wednesday, September 27, 2017, 11:00 a.m. | Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat | <ul style="list-style-type: none"> Under Section 149 of Companies Act, 2013 to appoint Shri Ramdas M. Gandhi and Shri Laxmichand K. Jain as an Independent Directors for the period of 5 (five) years 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.

(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 Regulations with the Stock Exchanges, such as annual report, quarterly financial statements, Shareholding pattern, report on Corporate Governance are being regularly filed with the Stock Exchanges, namely, National Stock Exchange of India Limited (www.nseindia.com) 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) GENERAL SHAREHOLDERS INFORMATION

(i) The day, date, time & venue of the 35th Annual General Meeting:

| Day | Date | Time | Venue |
|--------|--------------------|------------|--|
| Friday | September 21, 2018 | 11:00 a.m. | Plot Nos. 806, 807, GIDC Estate, Phase III, Vapi 396195, Dist. Valsad, Gujarat. |

(ii) Tentative Financial Calendar:

| | |
|---|---------------------------------|
| Financial Year | April 1, 2018 to March 31, 2019 |
| Adoption of Quarterly Results for the quarter ending : | |
| June, 2018 | 1st/2nd week of August, 2018 |
| September, 2018 | 1st/2nd week of November, 2018 |
| December, 2018 | 1st/2nd week of February, 2019 |
| March, 2019 | 1st/2nd/3rd week of May, 2019 |

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

September 14, 2018 to September 21, 2018

(iv) Date of Payment of Dividend

September 25, 2018

(v) 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 |

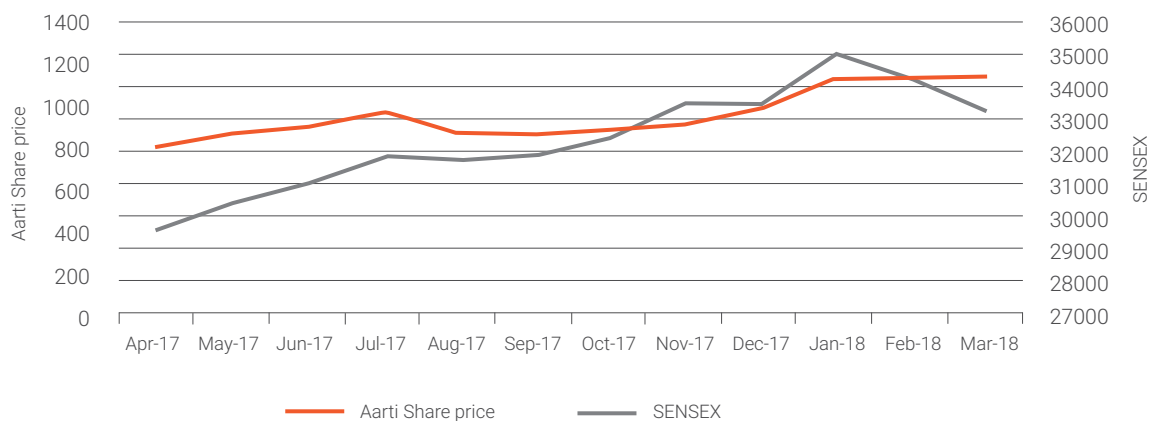
(vi) Listing fees and Annual Custodial Fee:

The Company has paid the Annual Listing Fees to the Stock Exchanges and Annual Custodial Fee to NSDL and CDSL for the year 2018-2019.

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

| Month | BSE Ltd. (BSE) | | | National Stock Exchange of India Limited (NSE) | | |
|----------------|----------------|---------|---------|--|---------|---------|
| | High (₹) | Low (₹) | Volume | High (₹) | Low (₹) | Volume |
| April 2017 | 883.60 | 770.00 | 152778 | 884.00 | 768.10 | 1190633 |
| May 2017 | 977.70 | 810.00 | 171442 | 977.95 | 810.00 | 1335079 |
| June 2017 | 1024.95 | 862.25 | 269800 | 1039.70 | 859.70 | 2147619 |
| July 2017 | 998.00 | 880.00 | 114253 | 999.00 | 898.75 | 833585 |
| August 2017 | 982.00 | 821.95 | 87806 | 986.05 | 821.05 | 718110 |
| September 2017 | 942.00 | 835.00 | 380009 | 944.90 | 835.00 | 1061369 |
| October 2017 | 959.80 | 860.40 | 147000 | 959.95 | 865.00 | 795873 |
| November 2017 | 954.95 | 851.00 | 81981 | 960.00 | 875.50 | 599393 |
| December 2017 | 1162.80 | 875.00 | 279158 | 1166.00 | 875.00 | 2370517 |
| January 2018 | 1175.40 | 1002.10 | 166217 | 1174.00 | 1000.00 | 1156316 |
| February 2018 | 1190.90 | 1033.05 | 96541 | 1194.95 | 1033.00 | 899779 |
| March 2018 | 1212.00 | 1044.00 | 3224747 | 1209.45 | 1041.00 | 974748 |

(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

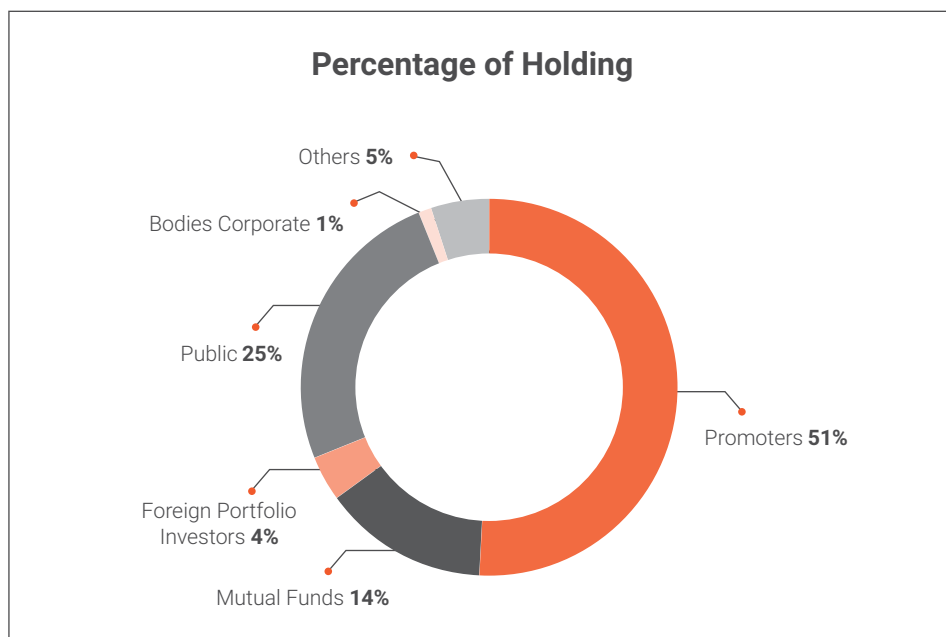
IDBI Trusteeship Services Limited
 Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400 001
 Ph:- +91 (22) 4080 7001 Fax: +91 (22) 6631 7776
 e-mail: itsl@idbitrustee.com website: http://www.idbitrustee.com

(xi) Share Transfer System:

Share Transfer Committee comprising of Shri Rajendra V. Gogri, Shri Shantilal T. Shah, Shri Rashesh C. Gogri and Smt. Hetal Gogri Gala meets 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 March 31, 2018

| Category | No. of Shares | % |
|----------------------------|-----------------|---------------|
| Promoters | 41523816 | 51.07 |
| Mutual Funds | 11133341 | 13.69 |
| Foreign Portfolio Investor | 2960279 | 3.64 |
| Public | 20839122 | 25.63 |
| Bodies Corporate | 978420 | 1.20 |
| Others | 3865022 | 4.77 |
| Total | 81300000 | 100.00 |



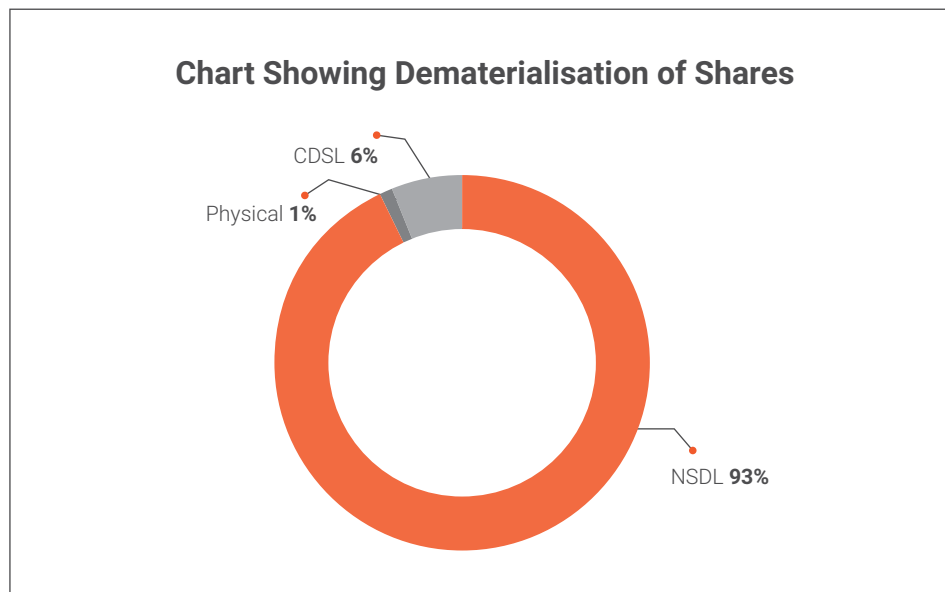
(xiii) Distribution of Shareholding as on March 31, 2018

| No. of Shares | Shareholders | | Shares | |
|---------------|--------------|---------------|-----------------|---------------|
| | Number | % | Number | % |
| 1-500 | 20473 | 80.1699 | 1991263 | 2.4493 |
| 501-1000 | 2218 | 8.6854 | 1591863 | 1.9580 |
| 1001-2000 | 1704 | 6.6727 | 2265781 | 2.7869 |
| 2001-3000 | 302 | 1.1826 | 769253 | 0.9462 |
| 3001-4000 | 144 | 0.5639 | 504325 | 0.6203 |
| 4001-5000 | 114 | 0.4464 | 526167 | 0.6472 |
| 5001-10000 | 218 | 0.8537 | 1550590 | 1.9072 |
| Above 10000 | 364 | 1.4254 | 72100758 | 88.6848 |
| Total | 25537 | 100.00 | 81300000 | 100.00 |

(xiv) Dematerialization of shares and liquidity:

98.63% of the Paid-up Capital is held in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited as on March 31, 2018 under ISIN No: INE769A01020.

| | NSDL | CDSL | Physical | Total |
|---------------|----------|---------|----------|----------|
| Shares (nos.) | 75194130 | 4994022 | 1111848 | 81300000 |
| Shares (%) | 92.49 | 6.14 | 1.37 | 100 |



(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) 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. 32 to the Annual Accounts.

(xviii) 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.

(xix) Address for Correspondence

- (a) Corporate Office: 71, Udyog Kshetra, 2nd Floor, Mulund–Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai–400 080.
- (b) Registered Office: Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat.

(xx) R & D Centers

- (a) Plot No. 801, GIDC Estate, Phase III, Vapi – 396 195, Dist. Valsad, Gujarat.
- (b) Plot No. D-54, MIDC, Phase II, Dombivali (East), Dist. Thane, Maharashtra.
- (c) Plot No. 22/C/1, GIDC Estate, Phase I, Vapi – 396 195, Dist. Valsad, Gujarat.
- (d) Plot No. A-94/1, MIDC, TTC Industrial Area, Trans Thane Creek Industrial Area, Village Limits of Khairane Taluka, Navi Mumbai 400 709.

(xxi) Compliance Officer:

Shri Raj Sarraf, Company Secretary
71 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

(xii) 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 April 1, 2017. | 528 | 343188 | - | - |
| Number of shareholders who approached the Company for transfer of shares from suspense account during the year. | 23 | 12750 | - | - |
| Number of shareholders to whom shares were transferred from the suspense account during the year. | 23 | 12750 | - | - |
| Shares Transferred to IEPF A/c | 331 | 191218 | - | - |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2018 | 197 | 139220 | - | - |

The voting rights on the shares outstanding in the suspense accounts as on March 31, 2018 shall remain frozen till rightful owner of such shares claim the shares.

(xxiii) 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 May 11, 2018.

during the last three years.

- (iii) Pursuant to Section 177(9) and (10) of the Companies Act, 2013, Regulation 22 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 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 same has been put up on the website of the Company on following weblink : <http://aarti-industries.com/investors/corporategovernance/>

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.

(11) 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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://aarti-industries.com/investors/corporategovernance/>

- (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

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

- (v) To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted on the website of the Company on the following web link; <http://aarti-industries.com/investors/corporategovernance/>

- (vi) 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.
- (vii) 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.

(12) 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 2017-18 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 : June 28, 2018

RAJENDRA V. GOGRI
Chairman and Managing Director