



**Aarey**

**DRUGS & PHARMACEUTICALS LTD.**

**23<sup>rd</sup> Annual Report  
2012 - 2013**





## BOARD OF DIRECTORS

Mihir R.Ghatalia  
Jagdish K.Shah  
Lalit R.Tulsiani  
Chetan K.Mehta  
Satish M.Sheth

Managing Director  
Chairman  
Director  
Director  
Director

## REGISTERED OFFICE

E-34, M.I.D.C.,  
Tarapur, Boisar,  
Dist.Thane.  
Pincode - 401 506.

## HEAD OFFICE

107, Sahakar Bhavan,  
340/348, Narshi Natha Street,  
Masjid, Mumbai - 400 009.

## WORKS

E-34, M.I.D.C.,  
Tarapur, Boisar,  
Dist.Thane.  
Pincode - 401 506.

## BANKERS

STATE BANK OF PATIALA  
Seepz++,  
Andheri (East) Branch  
INDIAN OVERSEAS BANK  
Vile Parle (East) Branch  
CANARA BANK  
Vile Parle (East) Branch

## AUDITORS

DMKH & Co.  
C-9, Sanjay Apartment,  
Near Gokul Hotel,  
SVP Road, Borivali (W),  
Mumbai - 400 092.

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## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE TWENTY THIRD ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON 20TH SEPTEMBER, 2013 AT E-34, MIDC, TARAPUR, BOISAR, DIST. THANE AT 9.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:**

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2013, the Balance sheet as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Chetan K Mehta, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint M/s DMKH and company, as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

### **SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass with or without modification/s, if any, the following resolution as an **ORDINARY RESOLUTION**:

#### **Re-Appointment of Mr. Mihir R Ghatalia as the Managing Director of the Company for a period of three years with effect from December 31, 2012**

**“RESOLVED THAT** subject to the provisions of Sections 198, 269, 309, 310, 311, 316 and 317 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to all the applicable statutory approvals, approval of the Company be and is hereby accorded to the re-appointment of Mr. Mihir R Ghatalia as the Managing Director of the Company with effect from December 31, 2012 for a period of three years on such terms and conditions as the Board may consider appropriate.”

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

**RESOLVED FURTHER THAT** Mr. Mihir R Ghatalia shall not be liable to retire by rotation in terms of Article 126 (1) of the Articles of Association.

By order of the Board of Directors  
**FOR AAREY DRUGS & PHARMACEUTICALS LIMITED**

**Mihir R. Ghatalia**  
*Managing Director*

### **REGISTERED OFFICE :**

E-34, MIDC, BOISAR,  
TARAPUR, DIST. THANE

**Date :** 28<sup>th</sup> August, 2013

**Place :** Mumbai

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

A proxy form duly completed and stamped, must reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. The relevant Explanatory Statement pursuant to the Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The register of members and the share transfer books of the company will remain closed from 17<sup>th</sup> September'2013 to 20<sup>th</sup> September'2013 (both days inclusive) in connection with the Annual General Meeting.
4. Members are requested to send all transfer deeds, share certificates and other correspondence relating to registration of transfers, transmission endorsement of payment of allotment moneys, change in their address etc to the Registrar & Share Transfer Agents i.e

**LINK INTIME INDIA PRIVATE LIMITED**

C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (West), Mumbai 400 078.

5. As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed and reappointed is furnished below:

1	Name Of Director	Mr. Chetan K. Mehta
2	Age	44 Years
3	Date of Appointment	02-06-2008
4	Qualification	B.Com
5	Directorship held in other Limited Companies (Excluding Foreign Companies)	NIL
6	Committee position held in other companies	NIL
7	Number of Shares held	NIL

6. Members are requested to bring their copy of the Annual Report at the meeting.

By order of the Board of Directors  
**FOR AAREY DRUGS & PHARMACEUTICALS LIMITED**

**Mihir R.Ghatalia**  
*Managing Director*

**REGISTERED OFFICE :**  
E-34, MIDC, TARAPUR,  
BOISAR, DIST. THANE

**Date** : 28<sup>th</sup> August, 2013  
**Place** : Mumbai

## EXPLANATORY STATEMENT

### (Pursuant to Section 173(2) of the Companies Act, 1956)Item No. 6

The Board of Directors of your Company has re-appointed Mr. Mihir R Ghatalia as the Managing Director for a period of three years with effect from December 31, 2012, subject to the approval of the Members of the Company at the 23rd Annual General Meeting.

Mr. Mihir R Ghatalia is 29 years of age and is a B.S in Chemical Engineering, from Virginia Polytechnic Institute & State University (Virginia Tech), Blacksburg, Virginia, USA. He is the Managing Director of our Company. After his studies, he has worked with Renoir Consulting Limited, U.K. As a Consultant he has experience in analyzing problems & identifying possible solutions for improving a manufacturing plant's performance and carried out mini implementation at one of India's leading detergent manufacturing company that resulted in production enhancement. He has also carried out successful projects at India's leading cable producer & one of world's top agro chemical manufacturing companies. He was a team member of a group assigned for designing, costing and building the effluent treatment plant. He has operated and serviced a number of process equipments like reactors, boilers and water coolers. Mr. Mihir R Ghatalia worked closely on several analytical lab equipments while working in the quality department and worked closely with the maintenance and safety departments of the plant. Mr. Mihir R. Ghatalia took over the management of our company after the erstwhile Chairman & Managing Director Mr. Rajesh P. Ghatalia, resigned on the grounds of ill health in year 2009. He started looking after the day-to-day operations of the company. Mr. Mihir R. Ghatalia is leading a team of highly qualified professionals, having rich & varied experience in multifarious fields like Finance, Risk Management, Forex management etc. He is also a member of American Institute of Chemicals Engineers.

The Board of Directors at their Meeting held on December 29, 2012 had approved (subject to the approval of the Members of the Company) the following terms and conditions of remuneration payable to Mr. Mihir R Ghatalia for a period of three years w.e.f. December 31, 2012:

Name of Directors	Designation	Salary	Perquisite	Total (Rs.)
Mr. Mihir R. Ghatalia	Managing Director	300000.00	8,05,817.02	11,05,817.02

In terms of Article 126 of the Articles of Association of the Company, so long as Mr. Mihir R Ghatalia holds office as the Managing Director of the Company, he shall not be liable to retire by rotation.

The Board recommends the resolution for your approval. None of the Directors except Mr. Mihir R Ghatalia is concerned or interested in the said resolution.

## DIRECTORS REPORT

To,  
The Shareholders,  
Your Directors have pleasure in presenting the Twenty Third Annual Report together with Audited Accounts for the year-ended 31<sup>st</sup> March, 2013.

### **FINANCIAL RESULTS:**

	( In ₹ )	( In ₹ )
Particular	31 <sup>st</sup> March' 2013	31 <sup>st</sup> March' 2012
Income	1725120473.00	1306165678.00
Expenditure	1716095267.00	1302054450.00
(Loss )/ Profit Before Exceptional Item & Tax	9025206.00	4111228.00
Profit Before Tax	9025206.00	4111228.00
(Less)/ Add: Tax Expenses	(2442690.00)	(1272506.00)
Balance Carried To Balance Sheet	6582517.00	2838722.00

### **REVIEW OF OPERATIONS & FUTURE OUTLOOK**

**CREATING NEW CAPACITIES:** Our Company proposes to launch new products i.e. Tinidazole which is a forward integration & Glyxol which is a backward. Our Company intends to purchase specialized equipments for expanding the existing products capacity i.e. Metronidazole (MTZ) to 70 M.T, Tinidazole (TNZ) to 25 M.T. Glyxol to 300 M.T, Metronidazole Benzoate (MBO) to 20 M.T. (MBO) and Ammonium Sulphate (AMS) to 600M.T. The Company has decided to convert the effluent of the company (which the company drains away) into Ammonium Sulphate.

The Company has deployed Rs. 950 Lacs towards purchase of Plant & Machinery for the purpose of expansion as decided during the Rights Issue, thereby increasing the capacity, forward and backward integration. The Company expects to start its productions by the end of 2013. This will add to profitability of company

### **DIVIDEND**

Your directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2013.

### **DEPOSITS**

The Company has not accepted the deposits from the public as per the Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

### **DIRECTOR**

Mr. Chetan K. Mehta, Director of the company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

To re-appoint Mr. Mihir R. Ghatalia as the Managing Director of the Company for a period of 3 years w.e.f 31<sup>st</sup> December, 2012.

### **DIRECTORS RESPONSIBILITY STATEMENT**

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:

- i) that in preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of financial year ended 31<sup>st</sup> March, 2013 and the profit/(Loss) of the Company for the year under review;
- iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts for the year ended 31<sup>st</sup> March, 2013 have been prepared on a "going concern basis"

#### **AUDITORS**

M/s. DMKH & Company, who were appointed as Auditors to hold office until the conclusion of the ensuing Annual General Meeting are eligible for re-appointment. The Company has received the Certificate from them to this effect.

#### **AUDIT COMMITTEE**

The Company has formed the Audit Committees as per Section 292A of the Companies Act, 1956. The Members of the Committees are experts in finance matters, company law and general business practice.

#### **CORPORATE GOVERNANCE**

A separate report on Corporate Governance is produced as a part of the Annual Report along with the Auditors statement on its compliance.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information in accordance with the provisions of Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in annexure and forms part of this report.

#### **EMPLOYEES:**

There were no employees coming under the purview of Section 217(2A) of the Companies Act, 1956 and the rules frame there under.

#### **DISCLOSURE UNDER SECTION 274**

None of the Directors of the company are disqualified for being appointed as Directors as specified under section 274 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000.

#### **ACKNOWLEDGEMENTS**

Your Directors wish to place on record, the appreciation for the continued support of the customers, Bankers and Suppliers. Your Directors acknowledge and thank the employees for their valuable contribution and involvement.

**For and on behalf of the Board of Directors**

**Jagdish K.Shah**  
**CHAIRMAN**

**Place: Thane**

**Date : 30<sup>th</sup> May, 2013**



## ANNEXURE TO DIRECTOR'S REPORT

### ANNEXURE-"I"

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

#### A. CONSERVATION OF ENERGY :

- a) Energy conservation measures taken :
  - i) The company has been strictly observing and monitoring the power consumption.
  - ii) The grinding operation with keeping the automatic regular of feeds has been maintained to minimize power consumption.
  - iii) Dual Fuel Burner was installed.
- b) Impact of above measures:  
High power factor above 0.9 and optimization of the grind ability has been maintained.

#### B. POWER AND FUEL CONSUMPTION :

Particulars	2012-2013	2011-2012
(i) Electricity Purchased:		
Units (KWH)	—	—
Total Amount (Rs.)		
Rate / Unit (Rs.)		
(ii) Own generation		
a) Through diesel generator Unit	—	—
Units per ltr. Of diesel oil		
Cost / Unit		
b) Through steam turbine/generator		
Unit	8050	109125
Units per ltr. Of fuel oil / gas	5.45	5.45
Cost / Unit	----	5.00
(iii) Coal		
Quantity (tones)	—	—
Total Cost		
Average rate		
(iv) Furnance Oil / Diesel		
Quantity (k.ltrs.)	----	20000
Total Amount (Rs.)	40250	545626
Average rate (Rs.)	----	27.28
(v) Others/internal generation		
Quantity	----	----
Total cost		
Rate / unit		

	Quantity (in MTS)	Quantity (in MTS)
<b>C. ACTUAL PRODUCTION :</b>		
Production of industrial solvents & Thinner	-----	-----
<b>RESEARCH &amp; DEVELOPMENT (R &amp; D):</b>		
i) Specific areas in which R & D is conducted		
By the company :		
ii) Benefits derived as a result of above R & D :		
iii) Further Plan of Action :		
iv) Management Review :		
v) Expenditure on R&D :	2012-2013	2011-2012
	(Rs.)	(Rs.)
a) Capital	—	—
b) Recurring	—	—
Total		
c) Total R&D Expenditure as a		
Percentage of total turnover		
<b>D. TECHNOLOGY, ABSORPTION,</b>	2012-2013	2011-2012
<b>ADAPTION AND INNOVATION :</b>	(Rs.)	(Rs.)
a) Efforts, in brief, made towards technology		
Absorption, adaption and innovation		
b) Benefits derived as a result of the above	—	----
	2012-2013	2011-2012
	(Rs.)	(Rs.)
c) In case of imported technology (imported		
during the last 5 years reckoned from the		
beginning of the financial year)	----	----
1. Technology import		
2. Year of import		
3. Has technology ben fully absorbed		
4. If not fully absorbed, areas where this		
has not Taken place, Reasoms there for		
and future Plans of action		
<b>E. FOREIGN EXCHANGE EARNINGS</b>	2012-2013	2011-2012
<b>AND OUTGO :</b>	(Rs.)	(Rs.)
Activities relating to exports ; initiative taken	—	—
To increase exports ;development of new		
Exports markets for products and services;		
and export plans;		
Total Foreign Exchange used		
Total Foreign Exchange earned (F.O.B.)		

For and on behalf of the Board of Directors  
**Jagdish K.Shah**  
*Chairman*

Place: Thane  
Date : 30<sup>th</sup> May, 2013