



Aarey

DRUGS & PHARMACEUTICALS LIMITED

**20th Annual Report
2009 - 2010**

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 - 401506

HEAD OFFICE

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

WORKS

E-34, M.I.D.C.,
Tarapur, Boisar,
Dist.Thane.
Pincode - 401506

BANKERS

INDIAN OVERSEAS BANK
Vile Parle (East) Branch
CANARA BANK
Vile Parle (East) Branch
HDFC BANK
Lokhandwala Branch

AUDITORS

Atul Dave & Co.
A-212, Parmar Trade Centre,
Sadhu Vaswani Circle,
Pune-411 001.

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON 30th September, 2010 AT E-34, MIDC, TARAPUR, BOISAR, DIST. THANA TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2010 and the Balance Sheet as on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jagdish K. Shah, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Chetan K Mehta, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint M/s Atul Dave and Company, Chartered Accountants, as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

5. To appoint Mr. Mihir Ghatalia as Managing Director of the Company

“**RESOLVED THAT** pursuant to Section 198, 269, read with Schedule XIII, 309, 310 and 314 or any other applicable provision of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being force) subject to the approval of the Central Government consent of the shareholders be hereby accorded for the appointment Mr. Mihir R Ghatalia as Managing Director of the Company with effect from 29th December, 2009 to 30th December, 2012 for a period of 3 years and that he be paid remuneration by way of Salary of Rs. 25,000 per month on such terms and conditions as approved by the Board and mentioned in the draft of the agreement placed before the meeting duly initialed by Mr. Lalit R. Tulsiani Whole Time- Director of the Company, for the purpose of Identification and on the such terms, conditions and remuneration mention in the draft agreement.

FURTHER RESOLVED THAT any Director of the Company be and is hereby authorised to sign and submit the necessary Forms with the Registrar of Companies, Maharashtra.”

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

Mihir R. Ghatalia,
Managing Director

REGISTERED OFFICE :

E-34, MIDC, TARAUR,
BOISAR, DIST.THANA

Place : Mumbai

Date : 27th August, 2010

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 25th September 2010 to 30th September 2010 (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 400078

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

Item No 2

1	NAME OF DIRECTOR	Mr. Jagdish K. Shah
2	Age	56 Years
3	Date of Appointment	31/01/2005
4	Expertise in specific	Marketing
5	Qualification	B.Com
6	Directorship held in other Limited Companies (Excluding Foreign Companies)	Nil
7	Committee position held in other companies	Nil
8	Number of Shares held	Nil

Item No 3

1	NAME OF DIRECTOR	Mr. Chetan Mehta
2	Age	42 Years
3	Date of Appointment	02/06/2008
4	Expertise in specific	Marketing in Pharma field
5	Qualification	B.Com
6	Directorship held in other Limited Companies (Excluding Foreign Companies)	Nil
7	Committee position held in other companies	Nil
8	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, TARAUR,
BOISAR, DIST.THANA

Place : Mumbai

Date : 27th August, 2010

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE
COMPANIES ACT, 1956**

Item No. 5

At the Board Meeting held on 29th December 2009, Board of Directors had approved the appointment Mr. Mihir R Ghatalia as Managing Director of the Company with effect from 29th December, 2009 to 30th December, 2012 for a period of 3 years at a remuneration by way of Salary of Rs. 25,000 per month on the terms and condition stated under the relative resolution placed at the said Board Meeting.

Mr. Mihir Ghatalia is Chemical Engineer from USA and has wide experience in the Chemical Industry. By seeing his services, experience and the contributions made by him towards the Company it has been decided to appoint him as a Managing Director of the Company for a further period of 3years. The Directors recommend the Resolution for the approval of the members.

None of the Directors except Mr. Mihir R Ghatalia are interested or concerned in the said Resolution.

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

Mihir R. Ghatalia
Managing Director

REGISTERED OFFICE :

E-34, MIDC, TARAUR,
BOISAR, DIST.THANA

Place : Mumbai

Date : 27th August, 2010

DIRECTORS REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report together with Audited Accounts for the year-ended 31st March, 2010.

FINANCIAL RESULTS:

Particular	31 st March 2010	31 st March, 2009
Income	466466632.00	275682698.21
Expenditure	456955200.39	266570478.06
(Loss)/ Profit Before Exceptional Item & Tax	9511431.61	9112220.15
Profit Before Tax	9511431.61	9118609.88
(Less)/ Add: Balance Brought Forward From Previous Year	31970732.23	24235226.35
Balance Carried To Balance Sheet	40075766.84	31970732.23

The Board of Directors has already under proceeds issuing the Rights Shares in the ratio of 2:1 at a price of Rs.25.00 per share (including premium of Rs.15.00 per share or such other price as may be decided by the board.

REVIEW OF OPERATIONS & FUTURE OULOOK

- PROFIT FROM WASTE** : Company plans to manufacture Ammounium Sulphate from effluent, which at present is drained away, additional investment of Rs.60 lacs is required which is invested from internal accruals, company has already placed order for required machinery & expects to start productions by 31st March 2011 This will add to profitability of company.
- CREATING NEW CAPACITIES** : Company plans to increase capacity by appx. 80 % of existing capacity of Metronidazole (MTZ) and Metronidazole Benzoate (MBO) i.e. from 35 M.T. (MTZ) to 65 M.T. (MTZ) and from 10.5 M.T. (MBO) to 20 M.T. (MBO) respectively, the company plans to increase capacity by 31st March'2011. Appx. Rs. 160 lakhs required will be invested through internal accruals & from bank/financial institution.
- EXPANDING PRODUCT BASKET** : Company plans to add new products i.e. Tinidazole and Glyoxal. Which ill commence production by June'2011. Additional investment of Rs. 300 lakhs, would be funded from bank / financial institution.

DIVIDEND

Your directors do not recommend any dividend for the year ended 31st March, 2010.

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. Jagdish K. Shah & Mr. Chetan K. Mehta Directors of the company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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 31st March,2010, 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 31st March,2010 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 31st March,2010 have been prepared on a "going concern basis"

AUDITORS

M/s. Atul Dave & Company, Chartered Accountants,Pune 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 : Mumbai
Date : 27th August, 2010

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 grindability has been maintained.

B. POWER AND FUEL CONSUMPTION :

Particulars	2009-2010	2008-2009
(i) Electricity Purchased:		
Units (KWH)	—	14339
Total Amount (Rs.)		91064.00
Rate / Unit (Rs.)		6.35
(ii) Own generation		
a) Through diesel generator Unit	—	—
Units per ltr. Of diesel oil		
Cost / Unit		
b) Through steam turbine/generator		
Unit	757580	789180
Units per ltr. Of fuel oil / gas	7.01	7.40
Cost / Unit	4.00	4.00
(iii) Coal		
Quantity (tones)	—	—
Total Cost		
Average rate		
(iv) Furnance Oil / Diesel		
Quantity (k.ltrs.)	108000	107080
Total Amount (Rs.)	3030320	3156720
Average rate (Rs.)	28.05	29.50
(v) Others/internal generation		
Quantity	—	—
Total cost		
Rate / unit		

	Quantity (in MTS)	Quantity (in MTS)
C. ACTUAL PRODUCTION :		
Production of industrial solvents & Thinner	22.50	52.00
D. RESEARCH & DEVELOPMENT (R & D):		
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 :	2009-2010 (Rs.)	2008-2009 (Rs.)
a) Capital	—	—
b) Recurring	—	—
Total		
c) Total R&D Expenditure as a Percentage of total turnover		
E. TECHNOLOGY, ABSORPTION, ADAPTION AND INNOVATION :	2009-2010 (Rs.)	2008-2009 (Rs.)
a) Efforts, in brief, made towards technology Absorption, adaption and innovation		
b) Benefits derived as a result of the above	—	—
	2009-2010 (Rs.)	2008-2009 (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		
F. FOREIGN EXCHANGE EARNINGS AND OUTGO :	2009-2010 (Rs.)	2008-2009 (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 : Mumbai

Date : 27th August, 2010