

Aarey

DRUGS & PHARMACEUTICALS LTD.

25th Annual Report
2014 - 2015

BOARD OF DIRECTORS

Mihir R. Ghatalia	Managing Director
Jagdish K. Shah	Chairman
Lalit R. Tulsiani	Director
Chetan K. Mehta	Independent Director
Satish M. Sheth	Independent Director
Damyanti P. Ghatalia	Woman Director

KEY MANAGERIAL PERSONNEL

Rajesh P. Ghatalia	Chief Financial Officer
Sweta Poddar	Company Secretary

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.

BANKER
DENA BANK
Andheri (West), Mumbai

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 FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON 25TH SEPTEMBER, 2015 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, 2015, the Balance sheet as on that date and the reports of Directors and Auditors thereon.

"**RESOLVED THAT** the Audited Profit & Loss Account for the year ended 31st March, 2015, the Balance sheet as on that date and the reports of Directors and Auditors thereon be and hereby approved."

2. To appoint a Director in place of Mr. Jagish K. Shah, who retires by rotation and, being eligible, offers himself for reappointment.

"**RESOLVED THAT** Mr. Jagish K. Shah who retires by rotation at this Annual General Meeting be and is hereby appointed as Director of the Company, liable to retire by rotation."

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 29th Annual General Meeting and authorise the Board of Directors to fix their remuneration.

"**RESOLVED THAT** that pursuant to the provisions of section 139 and any other applicable provisions of the Companies Act, 2013 M/s. DMKH and Company, Chartered Accountants, Mumbai be and are hereby appointed as Auditors of the Company to hold office from conclusion of this meeting until the conclusion of the 29th Annual General Meeting to be held in the calendar year 2019 subject to ratification by the members at every Annual General Meeting and that the Board of Directors are be and hereby authorized to fix their remuneration."

SPECIAL BUSINESS

4. Appointment of Smt. Damyanti P. Ghatalia as Director.

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"**RESOLVED THAT** Smt. Damyanti P. Ghatalia (DIN: 05288741), who was appointed an Additional Director of the Company with effect from 14th February 2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

5. Re-Appointment of Mr Chetan K. Mehta as Independent Director.

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 Sections 149, 152, 160 and other applicable provisions, of the Companies Act, 2013 ("Act"), and under clause 49 of the Listing Agreement, Mr. Chetan Mehta in respect of whom the Company has, as required by Section 149(6) of the Companies Act 2013, received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the Office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5(Five) consecutive years for a term upto the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2020 and is not subject to retire by rotation".

6. Re-Appointment of Mr. Satish M. Sheth as Independent Director.

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 Sections 149, 152, 160 and other applicable provisions, of the Companies Act, 2013 ("Act"), and under clause 49 of the Listing Agreement, Mr.Satish M Sheth in respect of whom the Company has, as required by Section 149(6) of the Companies Act 2013, received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the Office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5(Five) consecutive years for a term upto the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2020 and is not subject to retire by rotation".

7. Adoption of new set of Articles of Association

To consider and if though fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company with immediate effect;

RESOLVED FURTHER THAT Mr. Mihir R. Ghatalia, Managing Director of the Company and Mr. Rajesh P. Ghatalia, Chief Financial Officer be and are hereby severally authorised to do all such acts, deeds and actions as may be necessary, proper or expedient to give effect to this resolution."

8. Adoption of new set of Memorandum of Association

To consider and if though fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), the draft clauses contained in the Memorandum of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the clauses contained in the existing Memorandum of Association of the Company with immediate effect;

RESOLVED FURTHER THAT Mr. Mihir R. Ghatalia, Managing Director of the Company and Mr. Rajesh P. Ghatalia, Chief Financial Officer be and are hereby severally authorised to do all such acts, deeds and actions as may be necessary , proper or expedient to give effect to this resolution."

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 : 14th August, 2015
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 register of members and the share transfer books of the company will remain closed from 22nd September' 2015 to 24th September' 2015 (both days inclusive) in connection with the Annual General Meeting.

3. 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, L. B. S. Marg,
   Bhandup (West), Mumbai - 400 078.

4. 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. Jagdish K. Shah
2.	Age	61 yrs
3.	Date of Appointment	02.12.2004
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

5. The Annual Report and Notice for the 25th AGM along with Attendance slip and Proxy form, is being send by electronic mode to all the shareholders whose email address are registered with the Company/ Depository Participant unless a member has requested for a hard copy of the same. For members who have not registered their email address, physicals copies have been send through permitted mode. Members are requested to bring their copy of the Annual Report at the meeting.

6. **Voting through electronic means:**

   Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rulesthe company is pleased to offer evoting facility to its members to cast their vote electronically for the 25th Annual General Meeting of the Company on 25th September, 2015. The Company has engaged the services of Central Depository Services (India) Ltd. ("CDSL") for providing e-voting facilities to the Members enabling them to cast their vote in a secure manner.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

Log on to the e-voting website www.evotingindia.com

(i) Click on "Shareholders" tab.

(ii) 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.

(iii) Next enter the Image Verification as displayed and Click on Login.

(iv) 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.

(v) 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 Postal Ballot / Attendance Slip 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. Members who have not updated their DOB with the Company/ Depository Participant are requested to use 20.09.2014 in the DOB field.
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 number of shares held by you as on the cut off date** in the **Dividend Bank details field**.

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) 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.

(viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for Aarey Drugs & Pharmaceuticals Limited<Company Name> on which you choose to vote.

(x) 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.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) 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.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xv) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(xvi) **In case of members receiving the physical copy:** Please follow all steps from sl. no. (i) to sl. no. (xv) above to cast vote.

(xvii) The e-voting period shall commence on September 21, 2015 (9:00 a.m. onwards) and ends on September 23, 2015 (6:00 p.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 18th September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(xviii) Mr. Virendra Bhatt, Whole time Practicing Company Secretary, Mumbai has been appointed Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(xix) The Scrutinizer shall within a period not exceeding two days from the conclusion of e-voting period unblock the votes in the presence of two witnesses not in employment of the Company and make scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the Company.

(xx) The Results shall be declared on or after the AGM of the Company. The Result declared alongwith the Scrutinizer's Report shall be placed on the Company website at www.aareydrugs.com within two days of passing of the resolutions of the AGM and communicated to BSE Limited.

(xxi) 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.

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 : 14th August, 2015
Place : Mumbai

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT U/S 102(1) OF COMPANIES ACT 2013

Item No. 4. Appointment of Director

Smt. Damiyanti P Ghatalia (DIN: 05288741), who was appointed an Additional Director of the Company with effect from 14th February 2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director

Other Smt. Damiyanti P Ghatalia, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution. Directors recommend the passing of the resolution. No Director is interested or concerned in this item of business.

Item No.5 to 6:

The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors which provides that the Independent Directors shall be appointed for not more than two terms of up to five years each and shall not be liable to retire by rotation at every AGM. In accordance with the provisions of the revised Clause 49 of the Listing Agreement, those Independent Directors who have already served for five or more years will serve for a maximum period of one term of five years. The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amendment made to Clause 49 of the Listing Agreement. All the above Directors are not disqualified from being re-appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr.Chetan K Mehta and Mr.Satish M Sheth for the office of Directors of the Company. All the abovesaid Independent Directors of the Company, have furnished declarations to the Company under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria prescribed for Independent Directors under Section 149(6) of the Companies Act, 2013 as well as Clause 49 of the amended Listing Agreement. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management. The Board accordingly recommends the resolutions at items No.5 to 8 of this Notice for approval of the Members. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval. None of the Directors or Key Managerial Personnel of the Company other than those mentioned in the respective resolutions and their relatives are in any way concerned or interested, financially or otherwise, in the resolutions at items No.5 to 6 of this Notice.

Item No. 7 & 8 :

Aarey Drugs & Pharmaceuticals Limited was incorporated as Niharika Textiles & Chemicals Private Limited on May 15, 1990 under the provisions of the Companies Act, 1956. The existing Memorandum and Articles of Association ("MOA & AOA") were based on the Companies Act, 1956 and several clauses / regulations in the existing MOA & AOA contain references to specific sections of the Companies Act, 1956 and which are no longer in force. The Existing regulations of the Articles of Association are replaced by the new set of regulations and adopted as new set of Articles of Association as per the requirements of Table F of First Schedule in the Companies Act, 2013. The modification in Articles of association is carried out to give effect to provisions of the Companies Act, 2013. Consent of the shareholders by way of a Special Resolution is required in this regard.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution. The Directors recommend the aforesaid resolution for the approval by the members as a Special Resolution.

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 : 14th August, 2015
Place : Mumbai

DIRECTORS REPORT

To,
The Shareholders,
Your Directors have pleasure in presenting the Twenty Fifth Annual Report together with Audited Accounts for the year-ended 31st March, 2015.

FINANCIAL RESULTS:

	(In ₹)	(In ₹)
Particular	**31st March 2015**	**31st March' 2014**
Income	2160325604.00	2013051137.00
Expenditure	2146225747.00	1999640910.00
(Loss)/ Profit Before Exceptional Item & Tax	14099857.00	13410227.00
Profit Before Tax	14099857.00	13410227.00
(Less)/ Add: Tax Expenses	(3216293.00)	(2900382.00)
Balance Carried To Balance Sheet	10883564.00	10509845.00

REVIEW OF OPERATIONS & FUTURE OULLOOK

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, Glyaxol 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.

DIVIDEND

Your directors do not recommend any dividend for the year ended 31st March, 2015.

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.

CORPORATE SOCIAL RESPONSIBILITY

Since the Company's turnover, net profit and net worth does not exceed the limits mentioned under Section 135 of Companies Act, 2013, the provisions of Corporate Social Responsibility is not applicable to the Company.

DIRECTOR

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