



Aarey

DRUGS & PHARMACEUTICALS LTD.

**28th Annual Report
2017 - 2018**

BOARD OF DIRECTORS

Mihir R. Ghatalia
Chetan K. Mehta
Satish M. Sheth
Damyanti P. Ghatalia

Chairman & Managing Director
Independent Director
Independent Director
Woman Director

KEY MANAGERIAL PERSONNEL

Rajesh P. Ghatalia
Sweta Poddar

Chief Financial Officer
Company Secretary

REGISTERED OFFICE

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

BANKER

DENA BANK
Andheri (West), Mumbai

AUDITORS

DMKH & Co.
803-804, Ashok Heights,
Opp Saraswati Apt.
Niklaswadi Road,
Near Bhuta School,
Old Nagardas X Road,
Gundavali, Andheri (E),
MUMBAI 400 069.

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON SATURDAY 29TH SEPTEMBER, 2018 AT E-34, MIDC, TARAPUR, BOISAR, DIST. THANE AT 9.15 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, 2018, 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, 2018, 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 Mrs. Damyanti P. Ghatalia, who retires by rotation and, being eligible, offers herself for reappointment.
"RESOLVED THAT Mrs. Damyanti P. Ghatalia 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."
4. Appointment of Mr. Mihir R Ghatalia as Chairman and Managing Director
To consider and, if thought fit, to pass with or without modification, the following resolution as an Special Resolution:-
"RESOLVED THAT pursuant to recommendation and approval of the Board and subject to the provisions of Section 152 of the Companies Act, 2013 Mr. Mihir R Ghatalia, Managing Director of the Company be and is hereby accorded to be appointed as the Chairman cum Managing Director of the company with effect 9th February, 2018.
RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

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

Mihir R. Ghatalia
Chairman and Managing Director

REGISTERED OFFICE :

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

Date : 14th August, 2018

Place : Mumbai

NOTES:

- 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.

- The register of members and the share transfer books of the company will remain closed from 23rd September' 2018 to 29th September' 2018 (both days inclusive) in connection with the Annual General Meeting.
- 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.

- 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	Mrs. Damiyanti P. Ghatalia
2.	Age	88yrs
3.	Date of Appointment	14.02.2015
4.	Qualification	B. Com
5.	Directorship held in other Limited Companies (Excluding Foreign Companies)	1
6.	Committee position held in other companies	NIL
7.	Number of Shares held	NIL

- The Annual Report and Notice for the 28th 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.

- Voting through electronic means:**

Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules the company is pleased to offer evoting facility to its members to cast their vote electronically for the 28th Annual General Meeting of the Company on 29th September, 2018. 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) <ul style="list-style-type: none"> 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 29.09.2018 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.
- (xvi) The e-voting period shall commence on September 26, 2018 (9:00 a.m. onwards) and ends on September 28, 2018 (5:00 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 21st September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (xvii) Mr. Virendra Bhatt, Whole time Practicing Company Secretary, Mumbai has been appointed Scrutinizer to scrutinize the evoting process in a fair and transparent manner.
- (xviii) The Scrutinizer shall within a period not exceeding two days from the conclusion of evoting 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.

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

Item No. 4.

The Board of Directors of your Company has appointed Mr. Mihir R Ghatalia as the Chairman and Managing Director on 9th February, 2018, subject to the approval of the Members of the Company at the 26th Annual General Meeting.

Mr. Mihir R Ghatalia, Chairman cum Managing Director of the Company, 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.

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

Mihir R. Ghatalia
Chairman and Managing Director

REGISTERED OFFICE :

E-34, MIDC, TARAPUR,
BOISAR, DIST. PALGHAR
Date : 14th August, 2018
Place : Mumbai

DIRECTORS REPORT

The Shareholders,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report together with Audited Accounts for the year-ended 31st March, 2018.

FINANCIAL RESULTS:

	(In ₹)	(In ₹)
Particular	31 st March 2018	31 st March 2017
Income	3525311967.00	3993041199.00
Expenditure	3443395958.00	3913257382.00
(Loss)/ Profit Before Exceptional Item & Tax	81916009.00	79783817.00
Profit Before Tax	81916009.00	79783817.00
(Less)/ Add: Tax Expenses	(20140115.00)	(25045181.00)
Balance Carried To Balance Sheet	61775894.00	54738636.00

REVIEW OF OPERATIONS & FUTURE OULLOOK

CREATING NEW CAPACITIES: Company has commenced manufacturing of Mono Methyl Urea & Di Methyl Urea as decided in June 2016 . Company has further added new products i.e. Erithromycin Derivates & Mafenamic Acid with capacity of 10 m.t. & 25 m.t. respectively in June 2017. Company will start production of new product i.e. Theophylline by March, 2019 Necessary steps has already taken by the management.

DIVIDEND

Your directors do not recommend any dividend for the year ended 31st March, 2018.

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

Mrs. Damiyanti P Ghatalia, Director of the company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

As referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the Directors hereby confirm:

- i) that in preparation of the Annual Accounts for the year ended 31st March, 2018, 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, 2018 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, 2013 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, 2018 have been prepared on a "going concern basis"
- v) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

ANNUAL RETURN

As per section 92(3) of the Companies Act, 2013, the extract of the Annual Return is annexed hereto as **Annexure A**. The extract of the Annual Return shall be prescribed and it is the part of Director Report

AUDITORS

M/s. DMKH & Company, who were appointed as Auditors to hold office until the conclusion of the 29th Annual General Meeting to be held in the calendar year 2019 are eligible for re-appointment. The Company has received the Certificate from them to this effect.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors had appointed M/s. Virendra Bhatt & Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company for the financial year 2017-18.

Accordingly, the Secretarial Auditors have given their report, which is annexed hereto as **Annexure B**. The comments of the Board on the observations of the Secretarial Auditors are given after Annexure A above.

The Board has re-appointed M/s. Virendra Bhatt & Associates, Practising Company Secretaries as the Secretarial Auditors of the Company for the financial year 2018-19.

BOARD MEETINGS

The details pertaining to the composition, terms of reference, etc. of the Board of Directors of the Company and the meetings thereof held during the financial year are given in the Report on Corporate Governance section forming part of this Annual Report.

DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTOR

The Board confirms that all Independent Directors of the Company have given a declaration to the Board that they meet the criterion of independence as prescribed under Section 149 of the Companies Act, 2013.

COMMITTEES OF THE BOARD

The details of the powers, functions, composition and meetings of the Committees of the Board held during the year are given in the Report on Corporate Governance section forming part of this Annual Report.

AUDIT COMMITTEE

The details pertaining to the composition, terms of reference, etc. of the Audit Committee of the Board of Directors of the Company and the meetings thereof held during the financial year are given in the Report on Corporate Governance section forming part of this Annual Report. The recommendations of the Audit Committee were accepted by the Board of Directors of the Company from time to time.

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:

Your Company has made the necessary disclosures in this Report in terms of Section 134(3) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in **Annexure C** and forms part of this report.

EMPLOYEES:

There were no employees coming under the purview of Section 197(12) of the Act read with Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the rules frame there under.

REMUNERATION:

As per Section 197 of the Companies Act, 2013, the ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year:

Name of the Director	Ratio to Median employees
Mihir R. Ghatalia, Managing Director	5:3

DISCLOSURE UNDER SECTION 164

None of the Directors of the company are disqualified for being appointed as Directors as specified under section 164 of the Companies Act, 2013.

The Web Address, if any, where annual return referred to in Section 92 has been placed - (Section 134(3)(a) of the Companies Act, 2013) - **www.aareydrugs.com**

Details in respect of frauds reported by auditors under section 143(12) other than those which are reportable to the central government- (Section 134(3)(ca) of the Companies Act, 2013) - **NIL**

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made-(i) by the auditor in his report; and (ii) by the company secretary in practice in his secretarial audit report;

-(Section 134(3)(f) of the Companies Act, 2013) - **NA**

Particulars of Loans, Guarantees or investments under section 186- (Section 134(3)(g) of the Companies Act, 2013) - **NIL**

Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form - (Section 134(3)(h) of the Companies Act, 2013) - **NIL**

The amounts, if any, which is propose to carry to any reserves- (Section 134(3)(j) of the Companies Act, 2013) - **NIL**

Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;- (Section 134(3)(l) of the Companies Act, 2013) - **NIL**