



## BOARD OF DIRECTORS

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Mihir Rajesh Ghatalia  
Nimit Rajesh Ghatalia  
Chetan Kiritbhai Mehta  
Lalit Radhakrishna Tulsiani  
Anil Mandal  
Archana Pramod Wani

Chairman & Managing  
Director Executive Director  
Independent Director  
Independent Director  
Independent Director  
Woman Director

### KEY MANAGERIAL PERSONNEL

Rajesh P.Ghatalia  
Preeti Paresh Rath

Chief Financial Officer  
Company Secretary

### 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. Palghar.  
Pincode - 401506

### 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 - 400069

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### **NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE THIRTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON MONDAY 28<sup>TH</sup> DECEMBER, 2020 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 Financial Statement of the Company for the year ended 31<sup>st</sup> March, 2020, the Balance sheet as on that date and the reports of Directors and Auditors thereon.

**“RESOLVED THAT** the Audited Financial Statement of the Company for the year ended 31<sup>st</sup> March, 2020, and the reports of Directors and Auditors thereon be and are hereby considered and adopted.”

2. To appoint a Director in place of Mr. Mihir Ghatalia (DIN: 00581005), who retires by rotation and being eligible, offers himself for re-appointment.

**“RESOLVED THAT** Mr. Mihir 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 Statutory Auditors of the company, and to fix their remuneration and to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendation of the Audit Committee and further recommendation of Board of Directors of the Company, Motilal & Associates., Chartered Accountants, (Firm’s Registration No. 106584W), Mumbai be and are hereby appointed as Statutory Auditors of the Company in place of M/s. DMKH & Co., Chartered Accountants, (Firm’s Registration No. 116886W), for a term of Five consecutive years from the conclusion of 30th Annual General Meeting till the conclusion of the 35<sup>th</sup> Annual General Meeting (AGM) of the Company to be held in the calendar year 2025, to examine and audit the accounts of the Company on such remuneration as may be mutually agreed between the Board of Directors/Audit Committee of the Company and the Statutory Auditors.”



## SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

Re-appointment of Mr. Chetan Mehta (DIN: 01639366) as an Independent Director

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Chetan Mehta (DIN: 01639366), Non-Executive Independent Director of the Company who has submitted a declaration that he meets the criteria for independence and who is eligible for re-appointment and in respect of whom Notice has been received from a Member under Section 160 of the Act proposing his re-appointment as Director, be and is hereby re-appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years with effect from 24<sup>th</sup> September, 2020 to 23<sup>rd</sup> September, 2025.

**RESOLVED FURTHER THAT** any of the Directors or the Key Managerial Personnel of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give full effect to this resolution.”

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

To regularize the appointment of Mr. Lalit Radha Krishna Tulsiani (DIN: 01652630) as Independent Director of the Company:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in terms of recommendation of Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Lalit Radha Krishna Tulsiani (DIN: 01652630), who was appointed as Additional Independent Director pursuant to the provisions of Section 161 (1) of the Companies Act, 2013 with effect from 29<sup>th</sup> January, 2020 and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company for a period of five years from 29<sup>th</sup> January, 2020 to 28<sup>th</sup> January, 2025.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do



all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

To regularize the appointment of Mrs. Archana Pramod Wani (DIN: 03121886), as Non Executive Director of the Company:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in terms of recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mrs. Archana Pramod Wani (DIN: 03121886), who was appointed as an Additional Non- Executive Director (Woman Director) with effect from 17<sup>th</sup> April, 2020 on the Board of the Company who holds office up to the date of this Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing Under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** Directors of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

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

To regularize the appointment of Mr. Anil Mandal (DIN: 08291619), as an Independent Director of the Company:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in terms of recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Anil Mandal (DIN: 08291619), who was appointed as an Additional Director on 01<sup>st</sup> July, 2020 and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing Under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company for a period of five years from 01<sup>st</sup> July, 2020 to 30<sup>th</sup> June, 2025.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do



all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

To regularize the appointment of Mr. Nimit Rajesh Ghatalia (DIN: 07069841) as an Executive Director of the Company:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and in terms of recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Nimit Rajesh Ghatalia (DIN: 07069841), who was appointed as an Additional Director with effect from 01<sup>st</sup> July, 2020 on the Board of the Company in terms of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing Under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who holds office up to the date of this Annual General Meeting of the Company be and is hereby appointed as a Executive Director of the Company, liable to retire by rotation”

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.”

By order of the Board of Directors  
For **AAREY DRUGS AND PHARMACEUTICALS LIMITED**

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

Date: 05<sup>th</sup> December, 2020  
Place: Mumbai

**Preeti Paresh Rathi**  
Company Secretary & Compliance Officer

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 22<sup>nd</sup> December 2020 to 28<sup>th</sup> December 2020 (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-101, 247 Park, LBS Marg,  
Vikhroli (West), Mumbai 400083.

4. The Annual Report and Notice for the 30<sup>th</sup> AGM alongwith 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.
5. **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 30<sup>th</sup> Annual General Meeting of the Company on 28<sup>th</sup> December, 2020. 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](http://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](http://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:





	<b>For Members holding shares in Demat Form and Physical Form</b>
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 30.09.2020 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](mailto: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](mailto: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 December 25, 2020 (9:00 a.m. onwards) and ends on December 27, 2020 (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 21<sup>st</sup> December, 2020, 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](http://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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

By order of the Board of Directors  
For **AAREY DRUGS AND PHARMACEUTICALS LIMITED**

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

Date: 05<sup>th</sup> December, 2020  
Place: Mumbai

Mihir R. Ghatalia  
Chairman and Managing Director

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





**Item No. 4.**

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. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, reappointed Mr. Chetan Kiritbhai Mehta (DIN: 01639366), as an Independent Director of the Company for a term of 5 years i.e. from 24<sup>th</sup> September, 2020 to 23<sup>rd</sup> September, 2025, subject to approval of the Members. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing his candidature for the office of Director. Mr. Chetan Mehta, 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.

Except Mr. Chetan Mehta none of the Directors or Key Managerial Personnel of the Company other are in any way concerned or interested, financially or otherwise, in the resolution.

In view of this, the Board of Directors recommends the resolution as set out in item No. 4 of the Notice for approval by the members of the Company by way of a Special Resolution.

**Item No. 5.**

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Lalit Radha Krishna Tulsiani (DIN: 01652630), as an Additional Independent Director of the Company for a term of 5 years i.e. from 28<sup>th</sup> December, 2020 to 28<sup>th</sup> December, 2025, subject to approval of the Members. Pursuant to the provisions of Section 161(1) of the Act and Article of the Articles of Association of the Company, Mr. Lalit Radha Krishna Tulsiani (DIN: 01652630) shall hold office up to the date of this AGM and is eligible to be appointed as a Non-Executive Independent Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing his candidature for the office of Director.

The Company has received a declaration from Mr. Lalit Radha Krishna Tulsiani (DIN: 01652630) to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Lalit Radha Krishna Tulsiani (DIN: 01652630) as an Independent Director is now being placed before the Members for their approval.

Except Mr. Lalit Radha Krishna Tulsiani (DIN: 01652630) none of the Directors or Key Managerial Personnel of the Company other are in any way concerned or interested, financially or otherwise, in the resolution.



In view of this, the Board of Directors recommends the resolution as set out in item No. 5 of the Notice for approval by the members of the Company by way of an Ordinary Resolution.

**Item No. 6.**

Mrs. Archana Pramod Wani (DIN: 03121886) was appointed as an Additional Director by the Board with effect from 17<sup>th</sup> April, 2020 pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company. Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Mrs. Archana Pramod Wani (DIN: 03121886) will hold office up to the date of the ensuing AGM, was appointed as Additional Director in terms of the provisions of the Companies Act, 2013 and amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is proposed to appoint Archana Pramod Wani (DIN: 03121886) as Non-Executive Director under Section 149 read with Schedule IV to the Act of the Companies Act, 2013 and received in writing a notice from a member, proposing her candidature for the office of Director.

In the opinion of the Board Mrs. Archana Pramod Wani (DIN: 03121886) fulfills the conditions specified in the Act and rules made there under as also under the Listing Agreement for his appointment as Director of the Company. Further Mrs. Archana Pramod Wani (DIN: 03121886) is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given him consent to act as Director.

Except Mrs. Archana Pramod Wani none of the Directors or Key Managerial Personnel of the Company other are in any way concerned or interested, financially or otherwise, in the resolution.

In view of this, the Board of Directors recommends the resolution as set out in item No. 6 of the Notice for approval by the members of the Company by way of an Ordinary Resolution.

**Item No. 7.**

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Anil Mandal (DIN: 08291619), as an Additional Director of the Company and also an Independent Director, for a term of 5 years i.e. from 28<sup>th</sup> December, 2020 to 28<sup>th</sup> December, 2025, subject to approval of the Members. Pursuant to the provisions of Section 161(1) of the Act and Article of the Articles of Association of the Company, Mr. Anil Mandal (DIN: 08291619) shall hold office up to the date of this AGM and is eligible to be appointed as a Non-Executive Independent Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing his candidature for the office of Director.

The Company has received a declaration from Mr. Anil Mandal (DIN: 08291619) to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").



In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Anil Mandal (DIN: 08291619) as an Independent Director is now being placed before the Members for their approval.

Except Mr. Anil Mandal (DIN: 08291619) none of the Directors or Key Managerial Personnel of the Company other are in any way concerned or interested, financially or otherwise, in the resolution.

In view of this, the Board of Directors recommends the resolution as set out in item No. 7 of the Notice for approval by the members of the Company by way of an Ordinary Resolution.

#### **Item No. 8.**

Mr. Nimit Rajesh Ghatalia (DIN: 07069841) was appointed as an Additional Director by the Board with effect from 01<sup>st</sup> July, 2020 pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company. Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Mr. Nimit Rajesh Ghatalia (DIN: 07069841) will hold office up to the date of the ensuing AGM, was appointed as Additional Director in terms of the provisions of the Companies Act, 2013 and amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is proposed to appoint Mr. Nimit Rajesh Ghatalia (DIN: 07069841) as Executive Director under Section 149 read with Schedule IV to the Act of the Companies Act, 2013 and received in writing a notice from a member, proposing her candidature for the office of Director.

In the opinion of the Board Mr. Nimit Rajesh Ghatalia (DIN: 07069841) fulfills the conditions specified in the Act and rules made there under as also under the Listing Agreement for his appointment as Director of the Company. Further Mr. Nimit Rajesh Ghatalia (DIN: 07069841) is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given him consent to act as Director.

Mr. Nimit Rajesh Ghatalia (DIN: 07069841) is interested in the above resolution none of the Directors, Key Managerial Personnel and their relatives are in any way, financially or otherwise concerned or interested in this Resolution other than Mihir Rajesh Ghatalia and Rajesh Pranlal Ghatalia since they are relatives.

In view of this, the Board of Directors recommends the resolution as set out in item No. 8 of the Notice for approval by the members of the Company by way of an Ordinary Resolution.

By order of the Board of Directors  
For **AAREY DRUGS AND PHARMACEUTICALS LIMITED**

**REGISTERED OFFICE**



E-34, MIDC, BOISAR,  
TARAPUR, DIST. THANE  
Date: 05<sup>th</sup> December, 2020  
Place: Mumbai

Preeti Paresh Rathi  
Company Secretary & Compliance Officer

**INFORMATION OF DIRECTORS BEING PROPOSED FOR APPOINTMENT/RE-APPOINTMENT AS PER REGULATION 26(4) AND 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD - 2 "GENERAL MEETING" IS GIVEN BELOW:**

Particulars	Chetan Kiritbhai Mehta	Archana Pramod Wani
Date of Birth/Age	29 <sup>th</sup> November' 1968/52 Years	13 <sup>th</sup> May, 1965/55 Years
Date of Appointment/ Reappointment	25 <sup>th</sup> September' 2015	17th April, 2020
Nature of Expertise in Specific Functional Areas	Having a experience in the field of finance and also in the matter of Administration	Having a experience in the field of Finance & Administration.
Experience	15yrs +	15 yrs+
Terms and Conditions of appointment	Mr. Chetan Mehta shall be Independent Director with effect from 24 <sup>th</sup> September, 2020 from a second term of five years.	Mrs. Archana Wani shall be Non Executive (Woman Director).
Details of remuneration sought to be paid	NIL	NIL
Last Drawn remuneration, if applicable	Not Applicable	Not Applicable
Shareholding in the company held either himself or on a beneficial basis for any other persons	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial	Not Related	Not Related



Personnel of the company		
The number of meetings of the Board attended during the Year	6	NIL
Directorship held in other companies as on date	1. Worth Investment and Trading Company Ltd 2. Mehr global foods and beverages private limited	1. Worth Investment and Trading Company Ltd 2. Aaradhana energy private limited
Membership/Chairmanship of Committees of other Companies as on date	1. Worth Investment and Trading Company Ltd Audit Committee – Member Nomination and Remuneration committee – Chairman Stakeholders and relationship Committee - Member	Nil
Qualification	B.Com	B.Com

Particulars	Nimit Rajesh Ghatalia	Lalit R Tulsiani	Anil Mandal
Date of Birth/Age	4 <sup>th</sup> May, 1996 23 Years	11 <sup>th</sup> October' 1957 63 Years	5 <sup>th</sup> August, 1991 29 Years
Nature of Expertise in Specific Functional Areas	Having a experience in the field of Finance & Administration.	Having a experience in the field of finance and also in the matter of Administration	Having a experience in the field of finance and also in the matter of Administration
Date of Appointment	1st July, 2020	29 <sup>th</sup> January, 2020	1 <sup>st</sup> July, 2020
Experience	2 Years	15 Years +	3 Years



Terms and Conditions of appointment	Mr. Nimit Ghatalai shall be executive Director	Mr. Lalit Tulsiani shall be Independent Director for a term of Five years from 29 <sup>th</sup> January, 2020 to 28 <sup>th</sup> January, 2025.	Mr. Anil Mandal shall be Independent Director for a term of Five years from 01 <sup>st</sup> July, 2020 to 30 <sup>th</sup> June, 2025.
Details of remuneration sought to be paid	NIL	NIL	NIL
Last Drawn remuneration, if applicable	Not Applicable	Not Applicable	Not Applicable
Shareholding in the company held either himself or on a beneficial basis for any other persons	10,00,000	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	He is the brother of Managing Director	Not Related	Not Related
The number of meetings of the Board attended during the Year	NIL	1	5
Directorship held in other companies as on date	1. Worth Investment and Trading Company Ltd 2. Enam Organics India Ltd 3. Nimit Impex	1. Worth Investment and Trading Company Ltd	1. Enam Organics India Ltd





	Pvt Ltd 4. Suraj Tradelinks Pvt Ltd		
Membership/Chairmanship of Committees of other Companies as on date	1. Worth Investment and Trading Company Ltd Audit Committee – Member Stakeholders and relationship Committee - Member	1. Worth Investment and Trading Company Ltd Audit Committee – Chairman Nomination and Remuneration committee – Member Stakeholders and relationship Committee - Chairman	NIL
Qualification	B.B.A	B.Com	B.Com



## **DIRECTORS REPORT**

To,

The Shareholders,

Your Directors have pleasure in presenting the Thirtieth Annual Report together with Audited Accounts for the year-ended 31<sup>st</sup> March, 2020.

### **FINANCIAL RESULTS:**

( In Rs.)

Particular	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Income	3067780783	3590797677
Expenditure	2995357260	3500937618
(Loss )/ Profit Before Exceptional Item & Tax	72423523	89860059
Profit Before Tax	72423523	89860059
(Less)/ Add: Tax Expenses	(14488083)	(24442450)
Balance Carried To Balance Sheet	57935440	65417609

### **REVIEW OF OPERATIONS & FUTURE OULLOOK**

Our company is manufacturing the following intermediates- Mono Methyl Urea, Die Methyl Urea. Ortho Para Nitro Anisole, 2 Bromomethyl 1,3 Dioxalane & Uracile & in Active Pharma Ingredients the company is involved in manufacturing Metformin HCL, Mefenamic Acid & Doxophylline. Besides we intend to increase capacity of all the products based upon the demand of the product and also plans to do backward & forward integration of products such as DMA-HCL, Ortho chloro benzoic acid and further API's like theophylline. Necessary steps has been initiated.

### **DIVIDEND**

Your directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2020.



## **DEPOSITS**

The Company has not accepted the deposits from the public as per the Section in accordance with the provisions of Section 73 and 76, and other applicable provisions of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## **VIGIL MECHANISM**

Pursuant to the requirements laid down under Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI Listing Regulations, the Company has well laid down Vigil Mechanism. The details of the same are provided in the Report on Corporate Governance forming part of this Annual Report. During the year, the Company did not receive any complaint under Vigil mechanism.

## **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility (CSR) is a good way of conducting business by which corporate entities visibly contribute to the society. The essence of CSR is to integrate the economic, environment and social objectives of the company's operations and growth. CSR is the process by which the organization thinks about and evolves its relationship with the society and demonstrates its commitment by giving back to the society for the resources it used.

In accordance with the provisions under Section 135 of Companies Act, 2013, the annual report on Corporate Social Responsibility is annexed at **Annexure D** to this report.

## **DIRECTORS**

Mrs. Damiyanti P Ghatalia, Director of the company ceased from the Company due to the sad demise as on 24<sup>th</sup> January, 2020.

Mr. Lalit Tulsiani was appointed as an Additional Independent Director as on 29<sup>th</sup> January, 2020.

Mr. Anil Mandal resigned as an Independent Director of the company as on 29<sup>th</sup> January, 2020.

## **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 31<sup>st</sup> March, 2020, 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, 2020 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 31<sup>st</sup> March, 2020 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**

The Auditor’s Report forms part of this Board’s Report for the financial year ended 31<sup>st</sup> March, 2020. M/s. Motilal & Associates, Chartered Accountants is appointed as Statutory Auditors and will hold office from the conclusion of this Annual General Meeting till the conclusion of the 35<sup>th</sup> Annual General Meeting of the Company to be held in the year 2025, subject to ratification.

### **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 2019-20.

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, Practicing Company Secretaries as the Secretarial Auditors of the Company for the financial year 2020-21.



### **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.

### **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

**Mihir R. Ghatalia**  
Chairman and Managing Director

**Place: Mumbai**

**Date: 5th December, 2020**





**AAREY DRUGS & PHARMACEUTICALS LIMITED**  
**ANNUAL REPORT 2019-20**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2020**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

I. REGISTRATION & OTHER DETAILS:			
1	CIN	L99999MH1990PLC056538	
2	Registration Date	15/05/1990	
3	Name of the Company	AAREY DRUGS & PHAMACEUTICALS LIMITED	
4	Category/Sub-category of the Company	Company limited by shares	
5	Address of the Registered office & contact details	E-34, MIDC, Tarapur,Boisar, Dist. Thane- 401506 Ph: 022-23455543	
6	Whether listed company	Yes	
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt Ltd.C-101, 247 Park, LBS Marg, Vikhroli(W), Mumbai-400083 Ph.022-25946970	
II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	trading in Petro chemicals and drugs intermediate	46102	100
2			
3			

<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>				
SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held
1	NIL			



IV. SHARE HOLDING PATTERN						
(i) Category-wise Share Holding						
Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2019	Shareholding at the end of the year - 2020			
		% of Total Shares	Demat	Physical	Total	% of Total Shares
(A)	Shareholding of Promoter and Promoter Group					
[1]	Indian					
(a)	Individuals / Hindu Undivided Family	'33.6817	7628313	0	7628313	32.621
(b)	Central Government / State Government(s)	'0.0000	0	0	0	0.0000
(c)	Financial Institutions / Banks	'0.0000	0	0	0	'0.0000
(d)	Any Other (Specify)					
	Bodies Corporate	16.7631	3920000	0	3920000	'16.7631
	Sub Total (A)(1)	'50.4448	11548313	0	11548313	49.384
[2]	Foreign					
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	'0.0000	0	0	0	'0.0000
(b)	Government	'0.0000	0	0	0	'0.0000
(c)	Institutions	'0.0000	0	0	0	'0.0000
(d)	Foreign Portfolio Investor	'0.0000	0	0	0	'0.0000
(e)	Any Other (Specify)					
	Sub Total (A)(2)	'0.0000	0	0	0	'0.0000
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	'50.4448	11548313	0	11548313	49.384
(B)	Public Shareholding					
[1]	Institutions					
(a)	Mutual Funds / UTI	'0.0000	0	0	0	'0.0000
(b)	Venture Capital Funds	'0.0000	0	0	0	'0.0000
(c)	Alternate Investment Funds	'0.0000	0	0	0	'0.0000
(d)	Foreign Venture Capital Investors	'0.0000	0	0	0	'0.0000
(e)	Foreign Portfolio Investor	'15.0386	3353228	0	3353228	14.339
(f)	Financial Institutions / Banks	'0.0000	245	0	245	0.001
(g)	Insurance Companies	'0.0000	0	0	0	'0.0000
(h)	Provident Funds/ Pension Funds	'0.0000	0	0	0	'0.0000
(i)	Any Other (Specify)					
	Sub Total (B)(1)	'15.0386	3353473	0	3353473	14.341
[2]	Central Government/ State Government(s)/ President of India					
	Sub Total (B)(2)	'0.0000	0	0	0	'0.0000
[3]	Non-Institutions					
(a)	Individuals					



**AAREY DRUGS & PHARMACEUTICALS LIMITED**  
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(i)	Individual shareholders holding nominal share capital upto Rs. 2 lakhs.	'14.0541	3395762	517199	3912961	16.733
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	'11.8578	3302673	63580	3366253	14.395
(b)	NBFCs registered with RBI	'0.0000	0	0	0	'0.0000
(d)	Overseas Depositories(holding DRs) (balancing figure)	'0.0000	0	0	0	'0.0000
(e)	Any Other (Specify)					
	Hindu Undivided Family	'0.8530	238090	0	238090	1.0181
	Non Resident Indians (Non Repat)	'0.4197	75950	0	75950	0.3248
	Non Resident Indians (Repat)	'0.5007	162822	0	162822	0.6963
	Foreign Portfolio Investor (Individual)	'0.0000	0	0	0	
	Clearing Member	'2.4557	7205	0	7205	0.0308
	Bodies Corporate	'4.3755	698137	21480	719617	3.0773
	Sub Total (B)(3)	'34.5165	7880639	602259	8482898	36.275
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	'49.5552	11234112	602259	11836371	50.616
	Total (A)+(B)	'100.0000	22782425	602259	23384684	100.0000
(C)	Non Promoter - Non Public					
[1]	Custodian/DR Holder	'0.0000	0	0	0	'0.0000
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	'0.0000	0	0	0	'0.0000
	Total (A)+(B)+(C)	'100.0000	22782425	602259	23384684	'100.0000

**(ii) Shareholding of Promoter**

Sr No	Shareholder's Name	Shareholding at the end of the year - 2020		
		NO.OF SHARES HELD	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares
1	MIHIR RAJESH GHATALIA	2835888	12.1271	'0.0000
2	BINA RAJESH GHATALIA	2001850	8.5605	'0.0000
3	NIMIT IMPEX PRIVATE LIMITED	1960000	8.3816	'0.0000
4	SURAJ TRADELINKS PRIVATE LIMITED	1960000	8.3816	'0.0000
5	DAMAYANTI PRANLAL GHATALIA	1348984	5.7687	'0.0000
6	RAJESH PRANLAL GHATALIA	1591	0.0068	'0.0000
7	MIRA MIHIR GHATALIA	440000	1.8816	'0.0000
8	NIMIT RAJESH GHATALIA	1000000	4.2763	'0.0000
	Total	11548313	49.3841	'0.0000



**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr No.		Transactions during the year		Cumulative Shareholding at the end of the year - 2020
	Name & Type of Transaction	No. of Shares		NO OF SHARES HELD
1	MIHIR RAJESH GHATALIA	28/11/2019	15000	2820888
	AT THE END OF THE YEAR			2835888
2	SURAJ TRADELINKS PRIVATE LIMITED			1960000
	AT THE END OF THE YEAR			1960000
3	NIMIT IMPEX PRIVATE LIMITED			1960000
	AT THE END OF THE YEAR			1960000
4	BINA RAJESH GHATALIA			1943550
	Buy	22/08/2019	2500	
	Buy	26/08/2019	2000	
	Buy	30/08/2019	4000	
	Buy	09/04/2019	7000	
	Buy	24/09/2019	1650	
	Buy	25/09/2019	3200	
	Buy	22/11/2019	2500	
	Buy	25/11/2019	2000	
	Buy	26/11/2019	11500	
	Buy	28/11/2019	10000	
	Buy	29/11/2019	7000	
	Buy	12/11/2019	2500	
	Buy	13/12/2019	2350	
	Buy	16/12/2019	100	
	AT THE END OF THE YEAR			2001850
5	DAMAYANTI PRANLAL GHATALIA	20/09/2019	56647	1292337
	AT THE END OF THE YEAR			1348984
6	NIMIT RAJESH GHATALIA			1000000
	AT THE END OF THE YEAR			1000000
7	MIRA MIHIR GHATALIA			440000
	AT THE END OF THE YEAR			440000
8	RAJESH PRANLAL GHATALIA			379591
	Transfer	14/02/2020	378000	
	AT THE END OF THE YEAR			1591



- Note: 1. Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 23384684 Shares.  
2. The details of holding has been clubbed based on PAN.  
3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

**(iv) Shareholding Pattern of top ten Shareholders**

*(Other than Directors, Promoters and Holders of GDRs and ADRs):*

Sr No.		Shareholding at the beginning of the year - 2019	Shareholding at the end of the year - 2020	
	Name & Type of Transaction	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	INDIA OPPORTUNITIES GROWTH FUND LTD - PINWOOD STRATEGY	4.8108	1145000	4.8964
2	URMILA RAMESHCHANDRA MEHTA	1.9058	1054644	4.51
3	LTS INVESTMENT FUND LTD	4.1266	965000	4.1266
4	AIDOS INDIA FUND LTD	0.0000	890228	3.8069
5	ANKUR MODI	1.5991	466644	1.9955
6	ELARA INDIA OPPORTUNITIES FUND LIMITED	1.5095	353000	1.5095
7	LIMPET INFRASTRUCTURE PRIVATE LIMITED	0.8125	178263	0.7623
8	MANDIRA RAI	0.6414	150000	0.6414
9	DINESH KUMAR JAIN	0.1633	145503	0.6222
10	BALAJI VISHWANTHAN SWAMINATHAN	0.428	115208	0.4927

**(v) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year
		No. of shares	% of total shares	No. of shares
1	Mihir R Ghatlia			
	At the beginning of the year	2,820,888	12.06%	2,820,888
	Changes during the year	-	0.00%	15,000



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	At the end of the year	2,835,888	12.13%	2,835,888
2	Chetan K Mehta			
	At the beginning of the year	NIL	0.00%	NIL
	Changes during the year	NIL	0.00%	NIL
	At the end of the year	NIL	0.00%	NIL
3	Anil Mandal*			
	At the beginning of the year	NIL	0.00%	NIL
	Changes during the year	NIL	0.00%	NIL
	At the end of the year	NIL	0.00%	NIL
4	Lalit Tulsiani**			
	At the beginning of the year	NIL	0.00%	NIL
	Changes during the year	NIL	0.00%	NIL
	At the end of the year	NIL	0.00%	NIL
4	Damiyanti P Ghatalia			
	At the beginning of the year	1,292,337	5.53%	1,292,337
	Changes during the year	56,647	0.24%	56,647
	At the end of the year	1,348,984	5.77%	1,348,984
5	Sweta Podar (company Secretary)]#			
	At the beginning of the year	NIL	0.00%	NIL
	Changes during the year	NIL	0.00%	NIL
	At the end of the year	NIL	0.00%	NIL
6	Preeti Rathi (Company Secretary)##			
	At the beginning of the year	NIL	0.00%	NIL
	Changes during the year	NIL	0.00%	NIL
	At the end of the year	NIL	0.00%	NIL

\*Ceased to be Non-Executive Independent Director w.e.f. January 29, 2020.

\*\*Appointed as Non-Executive Independent Director w.e.f. January 29, 2020.

#Resigned Company Secretary w.e.f. September 3, 2019.

#Appointed as Company Secretary w.e.f. January 29, 2020.





V. INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment.				
				(Amt. Rs./Lacs)
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	161,163,695.00	6,681,450.00	NIL	167,845,145.00
ii) Interest due but not paid	NIL	NIL	NIL	-
iii) Interest accrued but not due	NIL	NIL	NIL	-
<b>Total (i+ii+iii)</b>	161,163,695.00	6,681,450.00	-	167,845,145.00
<b>Change in Indebtedness during the financial year</b>				
* Addition	10,839,202.00	NIL	NIL	10,839,202.00
* Reduction	NIL	1,253,937.00	NIL	1,253,937.00
<b>Net Change</b>	10,839,202.00	1,253,937.00	-	12,093,139.00
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	172,002,897.00	NIL	NIL	172,002,897.00
ii) Interest due but not paid	NIL	NIL	NIL	-
iii) Interest accrued but not due	NIL	NIL	NIL	-
<b>Total (i+ii+iii)</b>	172,002,897.00	-	-	172,002,897.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL		
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:		
Particulars of Remuneration	Name of MD/WTD/ Manager	
Name	Mihir R Ghatalia	
Designation	MD	
Gross salary		
(a) Salary as per provisions contained	600,000.00	



in section 17(1) of the Income-tax Act, 1961		
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	456,987.39	
(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	
Stock Option	NIL	
Sweat Equity	NIL	
Commission		
- as % of profit	NIL	
- others, specify	NIL	
Others, please specify	NIL	
Total (A)	1,056,987.39	-
Ceiling as per the Act		

**B. Remuneration to other Directors**

SN.	Particulars of Remuneration	Name of Directors	
1	Independent Directors		
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)	-	-
2	Other Non-Executive Directors		
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)	-	-
	Total (B)=(1+2)	-	-
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		



C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		
	Name	<b>Rajesh Ghatalia</b>	<b>Sweta Poddar</b>	<b>Preeti Rathi</b>
	Designation	CEO/CFO	CS	CS
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	240,000.00	120,000.00	75,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	Total	240,000.00	120,000.00	75,000.00
	Ceiling as per the Act			

<b>VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:</b>				
Type	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>				
Penalty	NIL			
Punishment	NIL			
Compounding	NIL			
<b>B. DIRECTORS</b>				



Penalty	<b>NIL</b>			
Punishment	<b>NIL</b>			
Compounding	<b>NIL</b>			
<b>C. OTHER OFFICERS IN DEFAULT</b>				
Penalty	<b>NIL</b>			
Punishment	<b>NIL</b>			
Compounding	<b>NIL</b>			



## ANNEXURE TO DIRECTOR'S REPORT

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### ANNEXURE – B

Form No. MR-3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members,

**Aarey Drugs and Pharmaceuticals Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aarey Drugs and Pharmaceuticals Limited (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provides me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's statutory registers, papers, minute books, forms and returns filed with the Registrar of Companies ('the ROC'), soft copy of the various records sent over mail as provided by the Company and other relevant records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020, has prima facie complied with the statutory provisions listed hereunder:

I have examined the statutory registers, papers, minute books, forms and returns filed with the ROC and other relevant records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment – applicable only to the extent of Foreign Direct Investments and Overseas Direct Investments;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-



- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

Though the following laws are prescribed in the format of Secretarial Audit Report by the Government, the same were not applicable to the Company for the financial year ended 31<sup>st</sup> March, 2020:-

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) The management has identified and confirm the other laws as specifically applicable to the Company and the Company have proper system to comply with the provisions of the respective Acts, rules and Regulations;

I have also examined compliance with the applicable clauses of the following and I am of the opinion that the Company has prima facie complied with the applicable provisions:

- (a) The Listing agreements entered into by the Company with Stock Exchange read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (b) Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.





During the period under review, I am of the opinion that the Company has prima facie complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except the following:

- i. *The Company has not filed reports under Regulation 74(5) of SEBI (Depository and Participants) Regulations, 2018 for the quarter ended 31<sup>st</sup> March, 2019 and for the quarter ended 30<sup>th</sup> June, 2019 but they had assured that they will file the same before the Approval of Audited Financial Statements in the Board Meeting.*
- ii. *The Company has delayed in filing of Certificate under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the half year ended 31<sup>st</sup> March, 2019 and same was submitted on 31<sup>st</sup> May, 2019.*
- iii. *The Company has not filed disclosure of Related Party Transactions under Regulation 23(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the half year ended 31<sup>st</sup> March, 2019 but they had assured that they will file the same before the Approval of Audited Financial Statements in the Board Meeting and for the half year ended 30<sup>th</sup> September, 2019 the Company has delayed in filing of Related Party Disclosure.*
- iv. *As per regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company has filed voting results in PDF along with Scrutinizers Report of Annual General Meeting held on 30<sup>th</sup> September, 2019 within time but has delayed XBRL filing which is filed on 04<sup>th</sup> October, 2019.*
- v. *The Company has delayed in filing of disclosure under SEBI Circular No.: SEBI/HO/DDHS/CIR/P/2018/144 dated 26<sup>th</sup> November, 2018 for the financial year ended 31<sup>st</sup> March, 2019 and same was submitted on 27<sup>th</sup> May, 2019.*
- vi. *The Company has delayed and has generally complied with the Regulation 8 of SEBI (Prohibition of Insider Trading) Regulations, 2015, the amended Insider Trading policy was adopted at the first Board Meeting of the Financial Year held on 30<sup>th</sup> May, 2019.*
- vii. *The Company has to close its trading window from end of every quarter till 48 hours after the declaration of financial results as per Regulation 9 read with Schedule B of SEBI (Prohibition of Insider Trading) Regulations, 2015 and BSE Circular No.: LIST/ COMP/01/2019-20 dated 02<sup>nd</sup> April, 2019 but the Company has only closed for three days from 28<sup>th</sup> May, 2019 to 30<sup>th</sup> May, 2019 and Board Meeting was held on 30<sup>th</sup> May, 2019.*
- viii. *The Company has not disclosed to the Stock Exchange regarding the sad demise of Mrs. Damayanti Ghatalia as required to be disclosed under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, but Company has disclosed in the Outcome of Board Meeting dated 29<sup>th</sup> January, 2020.*



- ix. *Mr. Lalit Tulsiani appointed as an Additional Director and Mr. Anil Mandal resigned from the post of Independent Director with effect from 29<sup>th</sup> January, 2020 but the Company had delayed in filing of disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and they have filed on 24<sup>th</sup> February, 2020.*
- x. *The Company has delayed in intimation of the changes of the Director and Compliance Officer to the depositories as required under the SEBI Circular No.: SEBI/HO/CFD/DCR1/CIR/P/2018/85 dated 28<sup>th</sup> May, 2018.*
- xi. *The Promoter of the Company had transacted in the securities of the Company and triggered Regulation 29(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 but not disclosed the same.*
- xii. *The Promoter of the Company had transacted in the securities of the Company and triggered Regulation 7(2) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 but not disclosed the same.*
- xiii. *The Company has not filed forms MGT-14 as required to be filed under section 179(3) of the Companies Act, 2013 for the borrowings made by the Company but have assured that they will file the same.*
- xiv. *The Company has not filed forms IEPF-2 for Appointment of Nodal Officer and for filing of Statement of unclaimed and unpaid dividends as required to be filed pursuant to the Rules 5(8) and 7(2B) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 but they have assured that they will file the same.*
- xv. *The Company has not filed Annual Return on Foreign Liabilities and Assets (FLA Return) under Foreign Exchange Management Act, 1999 for the Financial Year ended 31<sup>st</sup> March, 2019 but they have assured that they will file the same.*

I further report that:-

1. I have not examined the Financial Statements, Financial books and related financial Act like Income Tax, Sales Tax, Value Added Tax, Goods and Services Tax, ESIC, Provident Fund, Professional Tax, Foreign Currency Transactions, Related Party Transactions, Borrowings, Loans etc., for these matters, I rely on the report of statutory auditors for Financial Statement for the financial year ended 31<sup>st</sup> March, 2020.
2. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
3. As per the information provided the company has prima facie given adequate notice to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.



4. As per the minutes of the meetings, majority decisions of the Board were unanimous and no dissenting views were found as part of the minutes.
5. There are prima facie adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
6. The management is responsible for compliances of all business laws. This responsibility includes maintenance of statutory registers/files required by the concerned authorities and internal control of the concerned department.
7. During the review period, the Company has called the Board Meeting on 29<sup>th</sup> January, 2020 for considering and approval of the Financial Results for the quarter ended 31<sup>st</sup> December, 2019 and other agenda items but due to the sad demise of Director Mrs. Damayanti Ghatalia they have at the Board Meeting held on 29<sup>th</sup> January, 2020, deferred the agenda for considering and approval of Financial Results and the same was considered and approved at Board Meeting held on 14<sup>th</sup> February, 2020.

As per the Regulation 47 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, Newspaper Advertisement for notice of Board Meeting dated 29<sup>th</sup> January, 2020 was published and informed to stock exchange. As the clause is silent on publishing of Newspaper Advertisement for postponement of the Board Meeting, the same was not given.

8. The Company has not constituted Corporate Social Responsibility Committee, not formulated Corporate Social Responsibility Policy and not spend any amounts required to be spend under Section 135 of the Companies Act, 2013.
9. During the period under review, as per the information provided by the Company, prima facie there were no instances of transaction in the securities of the Company during the closure of window.
10. The listed entity has total three Directors as on 31<sup>st</sup> March, 2020.
11. I further report that during the audit period, there were no instances of:
  - i. Public/ Rights/debentures/ sweat equity, etc.;
  - ii. Issue of equity shares under Employee Stock Option Scheme;
  - iii. Redemption / Buy- Back of securities;
  - iv. Major decisions taken by the Members in pursuance to the Section 180 of the Companies Act, 2013 which would have major bearing on the Company's affairs;
  - v. Merger / amalgamation / reconstruction etc.;
  - vi. Foreign Technical Collaborations.



I further report that:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of Company.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. Due to COVID - 19 and continuous Lockdown, I am unable to partially verify the information physically, therefore I rely on the information as provided by the Company in electronic mode.

**Place: Mumbai**

**Date: 10<sup>th</sup> August, 2020**

**Virendra G. Bhatt**

**ACS No.: 1157**

**COP No.: 124**

**UDIN:A001157B000566986**



## ANNEXURE TO DIRECTOR'S REPORT

### ANNEXURE-C

**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	2019-2020	2018-2019
<b>(i) Electricity Purchased:</b>		
Units (KWH)	6,89,246 KWH	4,02,783 KWH
Total Amount (Rs.)	76,50,489	42,91,900
Rate/ Unit (Rs.)	11.10	10.65
<b>(ii) Own generation</b>		
a) Through diesel generator	3840 KWH	3840 KWH
Units per ltr. Of diesel Oil	3.7 KWH	3.2 KWH
Cost/unit	21.43	19.20



<b>b) Through steam turbine/ generator</b>		
<b>Unit</b>	<b>NIL</b>	<b>NIL</b>
<b>Unit per ltr. Of fuel oil/ gas</b>	<b>NIL</b>	<b>NIL</b>
<b>Cost/ Unit</b>	<b>NIL</b>	<b>NIL</b>
<b>(III) Coal</b>		
<b>Quantity (tones)</b>		
<b>Total Cost</b>		
<b>Average rate</b>		
<b>(iv) Furnance Oil/ Diesel</b>		
<b>Quantity (m.t.)</b>	<b>275.620</b>	<b>143.530</b>
<b>Total Amount (Rs.)</b>	<b>89,16,575</b>	<b>60,86,432</b>
<b>Average Rate (Rs.)</b>	<b>32.35</b>	<b>42.40</b>
<b>(v) Others/ Internal generation</b>		
<b>Quantity</b>		
<b>Total Cost</b>		
<b>Rate/ unit</b>		

**C. ACTUAL PRODUCTION :**

	<b>Quantity (in MTS) 2019-2020</b>	<b>Quantity (in MTS) 2018-2019</b>
<b>Total Production</b>	<b>349.460 MT</b>	<b>189.214 MT</b>
<b>RESEARCH &amp; DEVELOPMENT (R &amp; D):</b>		
i) Specific areas in which R & D is conducted By the company:		



Benefits derived as a result of above R &D :		
Further Plan of Action :		
Management Review		
Expenditure on R&D :		
	<b>2019-2020</b>	<b>2018-2019</b>
a) Capital	----- --	----- -
b) Recurring	----- --	----- -
Total		
c) Total R&D Expenditure as a Percentage of total turnover		

**D. TECHNOLOGY, ABSORPTION, ADAPTION AND INNOVATION :**

	<b>2019-2020</b> <b>(Rs.)</b>	<b>2018-2019</b> <b>(Rs.)</b>
<b>a)</b> Efforts, in brief, made towards technology Absorption, adaption and innovation		
b) Benefits derived as a result of the above		
	<b>2019-2020</b>	<b>2018-2019</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
<b>c)</b> 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 been fully absorbed		



4.If not fully absorbed, areas where this has not Taken place, Reasons there for and future Plans of action		
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**E. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
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	8135047	
Total Foreign Exchange earned (F.O.B.)	911928	

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

**Mihir R Ghatalia**  
**Chairman and Managing Director**

**Place: Mumbai**  
**Date: 5<sup>th</sup> December, 2020**





## **MANAGEMENT DISCUSSION AND ANALYSIS**

This report contains statements, which may constitute “forward looking statements” within the meaning of the applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of the future events. Actual results could differ materially from those expressed or implied. Important factors that could impact the Company’s performance include, among others, economic conditions affecting the demand / supply and price conditions in the markets in which the company operates, changes in the Government policies, regulations, tax laws, other statutes and incidental factors.

The Company undertakes no obligations to update or revise forward-looking statements on the basis of any subsequent developments, information or events.

### **GENERAL REVIEW**

The Company is in the API / Bulk Drugs manufacturing and offers a range of products for diverse industrial applications. The Company maintains its head office in Masjid, Mumbai and the plant in Tarapur, Maharashtra.

### **SIGNIFICANT FINANCIAL EVENTS OF THE YEAR**

The Company’s Sales from trading activities is Rs.23613.17 lacs. This has been mainly possible due to the efforts put in to achieve growth. The increased sales also reflect the improved performances of the company.

The paid-up equity share capital stood at Rs. 233.85 lacs. The Earnings per Share were Rs.2.48. As the company is going for expansion hence dividend not recommended.

### **RESOURCES AND LIQUIDITY**

Primary liquidity needs have been to finance working capital needs. To fund these, the company relied on internal accruals and borrowings.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company maintains effective internal controls, systems and procedures for management of its business. As a part of this process, system and procedures are regularly reviewed and



strengthened. The internal controls systems cover the accounting, production and administration functions. The Company has appointed an outside internal audit agency to further assess the systems and provide valuable feedback on the systems and areas of improvement of the same. The Company has a proper and adequate system to ensure that all assets are safeguard and protected against loss, theft, unauthorized use and damage from improper use.

## **HUMAN RESOURCES / DEVELOPMENT**

The Company has a large pool of talented and knowledgeable personnel. The Company offers several in-house training programs to its personnel. This is aimed at continuous development and improvement of the company's talent pool. Over 15 in-house training Programs were conducted during the year. Industrial relations at the plant remained cordial throughout the year.

## **OUTLOOK**

The industry sector under which the company operates has been posting healthy growth rates over the years. The market for the product mix is expanding at above 6% per annum. These factors provide opportunities for the company to continue to return impressive growth and returns for all stakeholders.



## **CORPORATE GOVERNANCE**

### **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Company believes in adopting the best corporate governance practices and protecting rights and interests of stakeholders. We further believe that the shareholders have the right to know the complete information on the Board of Directors and the management, their interest in the organization as well as governance practice to be followed by them.

Corporate Governance is concerned with creation of long term value of shareholders while also balancing interest of other stakeholders' viz. Employees, Creditors, Government and the Society at large. Corporate Governance is crucial as it builds confidence and trust, which eventually leads to a more stable and sustained resources flow and long term partnership with its investors and other stakeholders.

### **2. BOARD OF DIRECTORS**

#### **a)Composition:**

The composition of the Board, details of other directorships, committee positions as on 31st March, 2020 and attendance of Directors at the Board Meetings and at the Annual General Meeting ('AGM') held during the year under review are given in the table below:

Name of Directors	Designation	Directorship in other public Limited Companies	Other Companies Committee	
			Membership	Chairperson
Mr. Mihir R. Ghatalia	Chairman and Managing Director	2	1	Nil
Mr. Chetan K.Mehta	Director, Non Executive Independent	1	3	1
Mr. Anil Mandal*	Director Non Executive Independent	1	Nil	Nil



Mr. Lalit Tulsiani**	Director Executive Independent	Non	1	3	2
Smt. Damiyanti P Ghatalia***	Non Executive	Independent	2	Nil	Nil

\*Resigned as on 29/01/2020

\*\*Appointed as on 29/01/2020

\*\*\*Sad Demise as on 24/01/2020

The number of Directorships excludes directorships in Private Limited Companies.

As required by the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) & the SEBI Listing Regulations, none of the Directors hold Directorship in more than 20 public companies, membership of Board Committees (Audit Committees/ Stakeholders Relationship Committee) in excess of 10 and Chairmanship of Board Committees as aforesaid in excess of 5

Names of the listed entities where the said persons are Directors and the category of their directorship are as follows:

Name of Directors	Name of Listed Entities in which he is Director	Category of Directorship
Mr. Mihir Ghatalia	Worth Investment and Trading Company Ltd	Executive Director
Mr. Chetan Mehta	Worth Investment and Trading Company Ltd	Independent Non Executive Director
Mr. Lalit Tulsiani	Worth Investment and Trading Company Ltd	Independent Non Executive Director
Mr. Anil Mandal	Worth Investment and Trading Company Ltd	Independent Non Executive Director
Mrs. Damayanti Ghatalia	Worth Investment and Trading Company Ltd	Non Independent Executive



**b)Number and date of Board Meetings held:**

Six Board Meetings were held during the Financial Year 2019-20. The dates on which meetings were held are 30/05/2019, 14/08/2019, 03/09/2019, 14/11/2019 29/01/2020 and 14/02/2020.

Name of Directors	No. of Board Meeting Held	No. of Board Meeting attended	Attendance at last AGM
Mr. Mihir R. Ghatalia	6	6	Yes
Mr. Chetan K.Mehta	6	6	Yes
Mr. Anil Mandal	6	5	Yes
Mr. Lalit Tulsiani (Appointed on 29 <sup>th</sup> January, 2020)	6	1	No
Smt. Damiyanti P Ghatalia*	6	6	Yes

\* Sad Demise as on 24/01/2020

The meetings of the Board of Directors are scheduled well in advance and the folder containing agenda for the meeting with detailed review of all aspects of the Company business, including Performance of the Company, Employee relations, details of Investments, Capital Expenditure, etc. is circulated to all the Directors before 7days of the date of Board Meeting. It also highlights important matters discussed at the Audit Committee, Share Transfer Committee & Investor Grievance Committee of the Board.

**c)Disclosure of relationship between directors inter-se:**

Mr. Mihir Ghatalia, Managing Director, is the son of Mr. Rajesh Ghatalia, CFO and grandson of Mrs. Damayanti Ghatalia except this, there are no inter –se relationships.

**d)Number of shares and convertible instruments held by Non- executive Directors:**

As on 31<sup>st</sup> March, 2020 none of the Non- Executive directors holds shares or convertible instruments in the Company.

**e) Web link where details of familiarisation programmes imparted to independent directors is disclosed.**



The details of the Familiarisation Programme for ID's are available on [http://www.aareydrugs.com/familiarisation\\_programme.pdf](http://www.aareydrugs.com/familiarisation_programme.pdf).

All the directors including Independent Directors are well qualified, experienced and renowned persons. The Board has identified the skills/ expertise/ competencies required for effective functioning of the Company.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Act read with Regulation 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board, the Independent Directors fulfill the conditions specified in section 149(6) of the Act read with Regulation 16(1)(b) of the SEBI Listing Regulations and are independent of the management.

Further, a separate meeting of the Independent Directors was held on 15<sup>th</sup> November, 2019. All the Independent Directors were present at the said meeting.

Mr. Anil Mandal, an Independent Director resigned as on 29/01/2020 i.e. before the expiry of his term due to some personal reasons.

### **3. AUDIT COMMITTEE**

#### **a) Composition:**

As on 31<sup>st</sup> March, 2020 the Composition of Audit Committee comprised of Mr. Mihir Rajesh Ghatalia, Mr. Chetan Kirit Mehta and Mr. Lalit Radhakrishna Tulsiani as members.

#### **b) Meeting and Attendance during the year:**

During the financial year 2019-20 the Audit Committee met five times i.e. on 30/05/2019, 14/08/2019, 03/09/2019, 14/11/2019, 14/02/2020. The attendance of the members at the meetings are as under:

<b>Name of Members</b>	<b>Category</b>	<b>Designation</b>	<b>No. of Meetings Attended</b>
Mr. Chetan K. Mehta	Non-Executive-Independent	Chairman	5
Mr. Mihir Rajesh Ghatalia	Chairman & Managing Director	Member	5
Mr. Anil Mandal*	Non-Executive-Independent	Member	4



Mr. Lalit Tulsiani**	Non-Executive-Independent	Member	1
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\*Resigned as on 29/01/2020

\*\* Appointed as on 29/01/2020

Audit Committee reviews in their meetings & recommends to the Board matters relating to the following terms of reference

- To Oversee the Company's Financial reporting process and disclosure of its financial information.
- To recommend the appointment of Statutory Auditors and fixation of the Audit fee.
- To review and discuss with the Auditors about internal control system, the scope of audit including observations of the Auditors, adequacy of internal audit function, major accounting policies, practices and entries, compliance with accounting Standards with The Stock Exchanges and legal requirements concerning financial statements and related party transactions, if any.
- To review the Company's Financial and Risk Management Policies and discuss with the Internal Auditors.
- To follow- up significant finding thereon.
- To review the quarterly and annual financial statements before submission to the Board of Directors.

#### **4. NOMINATION AND REMUNERATION COMMITTEE**

##### **a)Brief Description of terms of reference:**

Nomination and Remuneration Committee (NRC) reviews and approves the annual salaries, service agreements and other employment conditions for Executive Directors. The Nomination and Remuneration Policy is available on the website of the Company and the weblink thereto is [www.aareydrugs.com/nomination and remuneration policy.pdf](http://www.aareydrugs.com/nomination%20and%20remuneration%20policy.pdf)

##### **b)Composition:**

As on 31<sup>st</sup> March, 2020 the Nomination and Remuneration Committee comprised of Mr. Chetan Mehta, Mr. Mihir Ghatalia and Mr. Lalit Tulsiani.

##### **c) Meeting and attendance during the year:**



During the financial year the Nomination and Remuneration Committee met two times i.e on 15/09/2019 & 25/01/2020. The attendance of the members at the meetings are as under.

Name of Members	Category	Designation
Mr. Anil Mandal*	Non-Executive- Independent	Chairman
Mr. Lalit Tulsiani**	Non-Executive- Independent	Chairman
Mr. Chetan K. Mehta	Non-Executive- Independent	Member
Mr. Mihir R. Ghatalia	Chairman & Managing Director	Member

\*Resigned on 29.01.2020

\*\*Appointed on 29.01.2020

**d)Performance evaluation criteria for Independent directors:**

The NRC lays down the criteria for performance evaluation of Directors. The criteria for performance evaluation covers parameters such as decision taken in the interest of the organization objectively; assisting the Company in implementing the Corporate Governance; monitoring performance of organization based on agreed goals & financial performance; fulfillment of the independence criteria as prescribed and their independence from the management; and active participation in the affairs of the Company as Board/Committee Members.

**5. REMUNERATION OF DIRECTORS:**

Name of Directors	Salary	Perquisites or Allowances	Contribution to PF & others	Sitting Fees	Total
Mihir R. Ghatalia	600000	456987.39	-	-	1056987.39
Chetan K. Mehta	-	-	-	-	-
Damayanti P. Ghatalia***	-	-	-	-	-
Anil S. Mandal*	-	-	-	-	-





Lalit R. Tulsiani**	-	-	-	-	-
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\*Resigned as on 29/01/2020

\*\*Appointed as on 29/01/2020

\*\*\*Sad Demise as on 24/01/2020

## **6. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

a. The Committee comprises of the following members

Name of the Director	Category	Designation
Mrs. Damayanti P. Ghatalia*	Non-Executive- Non-Independent	Chairman
Mr. Mihir R. Ghatalia	Managing Director	Member
Mr. Chetan K. Mehta	Non-Executive- Independent	Member

\* Sad Demise as on 24/01/2020

The Stakeholders Relationship Committee met 3 times during the year under review. The said meetings were held on 15<sup>th</sup> July, 2019, 31<sup>st</sup> October, 2019, 02<sup>nd</sup> January, 2020.

Mrs. Archana Wani got appointed as on 17<sup>th</sup> April, 2020 and thereafter she also participated as Chairperson in the constitution of Stakeholders Relationship Committee.

b. Name & Designation of Compliance Officer: Mrs. Preeti Paresh Rathi  
Charkop Sector 1,  
Plot No.143, D-44,Dutta Niwas,  
Kandivali West Mumbai- 400067  
Phn No: 7709149408

c. Number of Shareholder Complaints received during the year 2019-20: **Nil**

d. Number of Complaints not solved to satisfaction: **Nil**

e. Number of pending complaints: **NIL**

## **7. GENERAL BODY MEETINGS**

Details of last three Annual General Meetings:



The day, date, time and location of the AGMs held during the last three years, and the special resolution(s) passed thereat by e-voting and poll, are as follows:

Year	AGM /EG M	Date	Time	Venue	Special Resolution Passed
31 <sup>st</sup> March, 2019	AGM	30/09/2019	9:15A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	1) Re-appointment of Mr. Mihir R. Ghatalia as Managing Director.
31 <sup>st</sup> March, 2018	AGM	29/09/2018	9.15 A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	1) Appointment of Mr. Mihir R. Ghatalia as Chairman and Managing Director.
31 <sup>st</sup> March, 2017	AGM	29/09/2017	9.15A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	NO

During the year ended 31st March, 2020 no resolution proposed to be passed through postal ballot.

## **8. MEANS OF COMMUNICATION**

- a) The Annual and Quarterly results are submitted to the Stock Exchanges in accordance with the Listing Regulation.
- b) The results of the Company are published in one English daily newspaper [Active Times (English)] and one Marathi newspaper [Mumbai Lakshadeep (Vernacular)]
- c) The Company's website [www.aareydrugs.com](http://www.aareydrugs.com) contains the information pertaining to the Company that it is in compliance with the SEBI Listing Regulations.



## **9. GENERAL SHAREHOLDERS INFORMATION**

a) Annual General Meeting:

- Date & Time : 28<sup>th</sup> December, 2020 at 9.15 a.m
- Venue : E-34, MIDC, Tarapur, Boisar, Thane – 401506

b) **Financial Year and Tentative Financial Calendar:**

1st April, 2020 to 31st March, 2021

QUARTER RELEASE DATE	TENTATIVE AND SUBJECT TO CHANGE
1 <sup>ST</sup> Quarter ending 30 <sup>th</sup> June	On or before 14 <sup>th</sup> August,2020
2 <sup>nd</sup> Quarter ending 30 <sup>th</sup> September	On or before 14 <sup>th</sup> October,2020
3 <sup>rd</sup> Quarter ending 31 <sup>st</sup> December	On or before 14 <sup>th</sup> January,2021
4 <sup>th</sup> Quarter ending 31 <sup>st</sup> March	On or before 14 <sup>th</sup> April, 2021

**Book Closure Date:** 22<sup>nd</sup> December to 28<sup>th</sup> December (both days inclusive)

c) **Dividend Payment date:** The Board has not recommended any dividend on and Equity Shares of the Company for the year ended 31st March, 2020.

d) **Equity Shares Listed** : BSE Limited (BSE)

Phiroze Jeejeebhoy Towers, Dalal Street,Mumbai-400 001

e) **Listing Fees:** The Company has paid the Listing fees for the financial Year 2019-20.

f) **Stock code: 524412 ISIN: INE198H01019**

g) The monthly high and low shares prices during the year at BSE are as under

MONTH	HIGH	LOW
April –2019	30.10	25.45
May -2019	27.00	20.20



June –2019	25.30	16.35
July-2019	21.15	14.50
August-2019	17.50	12.45
September-2019	19.95	13.13
October-2019	19.90	12.70
November-2019	21.70	17.25
December-2019	24.35	16.60
January-2020	24.40	17.75
February-2020	22.85	17.10
March-2020	18.90	11.50

**h) Trading of Securities:** The Securities of the Company were not suspended from trading at any time during the financial year 2019-20.

Registrar and Share Transfer Agent: **LINK INTIME INDIA PVT LTD.**

C-101, 247 Park, LBS Marg,

Vikhroli (W), Mumbai-400083 Fax No. 02249186060

E-Mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**i) Share Transfer System:**

All share transfer and other communications regarding share certificates, change of address, dividends, etc. should be addressed to Registrar and Transfer Agents. Stakeholders Relationship Committee is authorized to approve transfer of shares in the physical segment. The Committee has delegated authority for approving transfer and transmission of shares and other related matters to the officers of the Company. The Company obtains from a Company Secretary in practice, half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI Listing Regulations, and files a copy of the same with the Stock Exchanges.

**j) Distribution of Shareholding as at 31<sup>st</sup> March, 2020**

SHAREHOLDING OF NOMINAL SHARES	Shareholders		Share Amount (Rs)	
	Nos.	%	Rs.	%



1-5000	6413	79.6349	10073790	4.3079
5001-10000	785	9.7479	6187710	2.6461
10001-20000	388	4.8181	5933300	2.5373
20001-30000	133	1.6516	3458530	1.479
30001-40000	74	0.9189	678610	1.1455
40001-50000	68	0.8444	3245280	1.3878
50001-100000	77	0.9562	5947270	2.5432
100001 & above	115	1.428	196322350	83.9534
<b>Total</b>	<b>8053</b>	<b>100.00</b>	<b>233846840</b>	<b>100.00</b>

**k) Dematerialization of Shares and Liquidity:**

As at 31<sup>st</sup> March, 2020

<b>Total No. of Fully paid up shares</b>	<b>Shares in demat form</b>	<b>Percentage (%)</b>	<b>Shares in physical form</b>	<b>Percentage (%)</b>
<b>23384684</b>	<b>22782425</b>	97.42%	<b>602259</b>	2.57%

**m) Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any Global Depository Receipts (GDR), American Depository Receipts (ADR). The Company has 10,00,000 outstanding Convertible Warrants.

**n) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities :**

No such risks or activities to report during the Financial year under review.

**o) Plant Location:** E-34, M.I.D.C., Tarapur, Boisar, Thane – 401506

**p) Address For Correspondence:** 1227, HUBTOWN SOLARIS,



12th Floor, N.S. Phadke Marg,  
Opp. Telli Galli, Andheri Flyover Bridge,  
Andheri - East, Mumbai – 400069

**q) Credit Ratings:** Ratings assigned in the FY 2019-20 as ACUTE BBB/-Outlook: Stable from ACUTE Ratings and Research.

## **10. DISCLOSURES:**

**a) Related Party Transactions:** Transactions with related parties are disclosed in notes to accounts annexed to the financial statements. The policy on dealing with Related Party Transaction is available on Company's website.

**b) Compliance by the Company:** No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three year under review.

**c) Vigil Mechanism, Whistle Blower Policy, and affirmation that no Personnel has been denied access to the Audit Committee:** The Company has established a vigil mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of code of conduct or ethics policy.

**d) Adoption of mandatory and non-mandatory requirements:** The Company has complied with all mandatory requirements as contained in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**e) Web – link for policy determining 'material' subsidiaries:** The Company does not have any subsidiary as defined under the Companies Act, 2013.

**f) Web link where policy on dealing with related party transactions:**

There were no materially significant related party transactions with the promoters, Directors etc that may have potential conflicts with the interest of the company at large. The web link is <http://aareydrugs.com/RelatedPartyTransactions/pdf>.

**g) Certificate from Company Secretary In Practice on Non-Disqualification Of Directors of the Company:** certificate from a Company Secretary in practice is annexed herewith as a part of report in Annexure D that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.



**h) Acceptance of Recommendation from the Committee:** During the financial year, there has been no such case where any recommendation of any committee of the Board was not accepted by the Board.

**i) Total fees for all services paid to the Statutory Auditors:** The total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part are disclosed in notes to accounts annexed to the financial statements.

**j) Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition And Redressal) Act, 2013:** During the year under review, there were no complaints filed in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**k) Compliance of the requirement of Corporate Governance Report:** During the Financial year 2019-20, the Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of the Point C of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**l) Disclosures with respect to demat suspense account/ unclaimed suspense account:** The Company does not have any of its securities lying in demat/unclaimed suspense account arising out of public/bonus/right issues as at 31st March, 2020.

For and on behalf of Board of Directors  
**Mihir Ghatalia**  
Chairman & Managing Director  
DIN: 00581005



## CERTIFICATE OF CORPORATE GOVERNANCE

To,

The Members of **Aarey Drugs and Pharmaceuticals Limited**

I have examined the compliance of Corporate Governance by **Aarey Drugs and Pharmaceuticals Limited** ('the Company') for the year ended 31<sup>st</sup> March, 2020, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') as referred to in Regulation 15(2) of the SEBI Listing Regulations for the year ended 31<sup>st</sup> March, 2020.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. My examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the Compliance with the conditions of Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations, as applicable.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Management, I am of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations, as applicable.

I further state that such compliance is neither an assurance to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place: Mumbai**

**Date: 13<sup>th</sup> November, 2020**

**Virendra G. Bhatt**

**Practicing Company Secretary**

**ACS No.: 1157; CP No.: 124**

**UDIN: A001157B001228185**

**Note:** Due to COVID-19 and continued lockdown, we are unable to verify the information physically, therefore we rely on the information as provided by the Company in electronic mode.





## CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

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To, The Board of Directors

AAREY DRUGS & PHARMACEUTICALS LTD

I, Rajesh P Ghatalia, the undersigned, in our respective capacities as Chief Financial Officer of Aarey Drugs & Pharmaceuticals Limited (“the Company”), to the best of my knowledge and belief certify that:

(a) I have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2020 and based on our knowledge and belief, I state that:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
- (ii) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws, and regulations.

(b) I further state that to the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company’s code of conduct.

(c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

(d) I have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:

- (i) Significant changes, if any, in the internal control over financial reporting during the year;
- (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
- (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

**Rajesh P Ghatalia** Place: Mumbai

**Chief Financial Officer**

Date: August 10, 2020



### **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members of  
**Aarey Drugs and Pharmaceuticals Limited**  
E-34, M.I.D.C., Tarapur,  
Boisar, Thane – 401506.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Aarey Drugs and Pharmaceuticals Limited** having CIN: L99999MH1990PLC056538 and having registered office at E-34, M.I.D.C., Tarapur, Boisar, Thane – 401506 (hereinafter referred to as “the Company”), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs:

Sr. No.	Name of the Director	Current Designation	DIN	Date of Appointment at current Designation	Original Date of Appointment
1.	Mihir Rajesh Ghatalia	Chairman and Managing Director	00581005	09/02/2018	02/08/2004
2.	Chetan Kiritbhai Mehta	Independent Director	01639366	02/06/2008	02/06/2008
3.	Lalit Radhakrishna Tulsiani	Independent Director	01652630	29/01/2020	02/12/2004



Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Date: 10<sup>th</sup> August, 2020**

**Place: Mumbai**

**Virendra G. Bhatt**

**Practicing Company Secretary**

**ACS No.: 1157 / COP No.: 124**

**UDIN: A001157B000566931**

**Note:**

1. *Mrs. Damiyantiben Pranal Ghatalia (DIN: 05288741), Non- Executive Director of the Company, was sad demised on 24<sup>th</sup> January, 2020.*
2. *Due to COVID-19 and continued lockdown, we are unable to verify the information physically, therefore we rely on the information as provided by the Company in electronic mode.*



## DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

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The Board of Directors M/S Aarey Drugs & Pharmaceuticals Limited

Dear Sir,

I undertake to comply with the conditions laid down in sub-clause of clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

(a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the company, its promoter, its directors, senior management or its holding company, its subsidiary and associates as named in the annexure thereto which may affect my independence as director on the board of the company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.

(b) I declare that I am not related to promoters or persons occupying management positions at the board level or at one level below the board and also have not been executive of the company in the immediately preceding three financial years.

(c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:

- (i) the statutory audit firm or the internal audit firm that is associated with the company and
- (ii) the legal firm(s) and consulting firm(s) that have a material association with the company

(d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the company i.e., owning two percent or more of the block of voting shares.

Thanking You,

Yours Faithfully,

- 1) Chetan K Mehta
- 2) Lalit R Tulsiani

Date: 10.08.2020

Place: Mumbai



## INDEPENDENT AUDITOR'S REPORT

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To,  
The Members of,  
**AAREY DRUGS & PHARMACEUTICALS LIMITED**

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of **AAREY DRUGS & PHARMACEUTICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss, (statement of changes in equity) and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit and total comprehensive income (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be key audit matter to be communicated in our report.

Sr.No	Key Audit Matter	Auditors Response
1.	<p>Valuation accuracy completeness and disclosures pertaining to inventories with reference to IND AS 2.</p> <ul style="list-style-type: none"><li>• Inventories constitutes material component of Financial Statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations.</li></ul>	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows</p> <ul style="list-style-type: none"><li>• We assessed the company's process regarding maintenance of records valuation and accounting of transactions relating to inventory as per the Ind AS 2</li><li>• We have evaluated the design of internal controls relating to recording and valuation of inventory</li><li>• We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to inventory.</li></ul>

### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholders Information, but does not include the standalone financial statements and our auditors report thereon.



Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and in doing so, consider whether the information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified

under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether has adequate internal financial controls systems in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including and significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we may have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure 'A'** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is



disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – the Company does not have any pending litigations which would impact its financial position.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company {or, following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company or there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company}.

**For DMKH & Co.**

**Chartered Accountants**

Firm’s Registration No. : 116886W

**Manish Kankani**

Partner

M.No. 158020

UDIN:

Place: Mumbai

Date: 10/08/2020



## ANNEXURE “A” TO INDEPENDENT AUDITORS’ REPORT

**Referred to in Paragraph 2 under the heading of “Report on other Legal and Regulatory Requirements” of our report to the members of AAREY DRUGS & PHARMACEUTICALS LIMITED of even date**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we report that: -

- i. In respect of companies fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets
  - b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over regular interval. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c) According to the information and explanations given to us, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- ii.
  - a) As explained to us, management has conducted physical verification of inventory at regular intervals during the year.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clauses 3(iii) (a), (b) and (c) of the order are not applicable to the Company.



- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investment and providing guarantees and securities, as applicable.
- v. In The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provision of Section 73 to 76 of the Act, any other relevant provision of the Act and the relevant rules framed thereunder.
- vi. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the companies Act, 2013 for the business activities carried out by the company, thus reporting under clause 3(vi) of the order is not applicable to the Company.
- vii.
  - a) According to information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess, Professional Tax and other material statutory dues applicable to it with the appropriate authorities.
  - b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess, Professional Tax and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- viii. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings from banks and debenture holders. The Company has not taken loans from Government or any Financial Institution.
- ix. Based on audit procedure and on the basis of information and explanation given by the management, we are of the opinion that money raised by Company by way of term loan has been applied for the purpose for which they were raised. The Company did not raise any money by way of Initial Public offer or further public offer
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the company has paid / provided managerial remuneration in accordance with the



- requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Therefore, paragraph 3(xii) of the Order is not applicable.
  - xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
  - xiv. During the Year, the company has not made any preferential allotment or private placement of shares fully or partly paid convertible debentures and hence, reporting under clause 3 (xiv) of the Order is not applicable to the Company.
  - xv. In Our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
  - xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For DMKH & Co.**  
**Chartered Accountants**  
**Firm's Registration No. : 116886W**

**Manish Kankani**  
**Partner**  
**M.No. 158020**  
**UDIN:**  
**Place: Mumbai**  
**Date: 10/08/2020**



## **Annexure “B” to the Auditors’ Report**

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**Referred to in Paragraph 1(g) under the heading of “Report on other Legal and Regulatory Requirements” of our report to the members of AAREY DRUGS & PHARMACEUTICALS LIMITED of even date**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **AAREY DRUGS & PHARMACEUTICALS LIMITED** (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material



respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to



future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DMKH & Co.**

**Chartered Accountants**

**Firm's Registration No. : 116886W**

**Manish Kankani**

**Partner**

**M.No. 158020**

**UDIN:**

**Place: Mumbai**

**Date: 10/08/2020**



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**AAREY DRUGS & PHARMACEUTICALS LIMITED**  
**ANNUAL REPORT 2019-20**

<b>AAREY DRUGS &amp; PHARMACEUTICALS LTD</b>			
<b>Statement of Profit &amp; Loss for the year ended 31st March 2020</b>			
<b>Particulars</b>	<b>Notes</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
Revenue from Operations	19	3,000,888,452	3,547,414,480
Other Income	20	66,892,331	43,383,197
<b>TOTAL INCOME</b>		<b>3,067,780,783</b>	<b>3,590,797,677</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	2,859,272,255	3,474,481,923
Changes in inventories	22	42,543,275	(64,753,872)
Employee Benefits Expense	23	3,967,213	4,745,958
Finance costs	24	17,851,553	22,299,301
Depreciation and Amortization Expense	3	8,938,734	10,083,271
Other Expenses	25	62,784,229	54,081,037
<b>TOTAL EXPENSES</b>		<b>2,995,357,260</b>	<b>3,500,937,618</b>
Profit Before Exceptional Items and Tax		<b>72,423,523</b>	<b>89,860,059</b>
Exceptional Items			
<b>Profit Before Tax</b>			
Tax Expenses			
Current Tax		15,004,000	22,500,000
MAT Credit Entitlement/Reversal			
Deferred Tax		(515,916)	1,942,450
<b>Profit for the year</b>		<b>57,935,440</b>	<b>65,417,609</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified subsequently to Profit or Loss		-	-
Actuarial Gain on Defined Plan Liability		-	-
Income tax on Actuarial Loss		-	-
Actuarial Loss on Defined Plan Liability		-	-
Income tax on Actuarial Loss		-	-
<b>Total Comprehensive Income for the year</b>		<b>57,935,440</b>	<b>65,417,609</b>
Earnings per shareq - Face Value '10.00 per share			
(1) Basic (in')		2.48	2.80
(2) Diluted (in')		2.80	2.64
The accompanying notes form 1 to 25 an integral part of the Financial Statements			
In terms of our report attached.			
<b>For DMKH &amp; Co. Chartered</b>		<b>For and on behalf of the Board</b>	
Accountants FRN:- 116886W			
<b>Manish Kankani</b>		<b>Mihir Ghatalia</b>	<b>Chetan Mehta</b>
<b>Partner</b>		<b>Managing Director</b>	<b>Director</b>
M.No.- 158020			
Place : MUMBAI		<b>Rajesh P. Ghatalia</b>	<b>Preeti P.Rathi</b>
Date : 10/08/2020		<b>CFO</b>	<b>Company Secretary</b>



## Accounting Policies and Notes Forming part of Accounts

### 1. Company Overview

Aarey Drugs & Pharmaceuticals Ltd (“the Company”) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act 1956. The registered office of the Company is located at 107, Sahakar Bhavan, 340/348, NarshiNatha Street, Masjid, Mumbai 400 009, Maharashtra. The Company is listed on the Bombay Stock Exchange (BSE).

### 2. Significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

### 3. Compliance with Indian Accounting Standards

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 (“the Act”). The policies set out below have been consistently applied during the year presented.

For all periods up to and including the year ended 31 March 2020, the Company’s prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (“Previous GAAP”).

#### 3.1. Basis of Preparation and Presentation

##### Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the following:

- i. Certain financial assets and financial liabilities are valued at fair value;

##### Functional and Presentation Currency

The financial statements are presented in INR, which is also the Company’s functional currency and all amounts are rounded to the nearest thousand, unless otherwise stated.

##### Classification of Assets and Liabilities into Current/Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:



- i. Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii. Held primarily for the purpose of trading
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i. It is expected to be settled in normal operating cycle
- ii. It is held primarily for the purpose of trading
- iii. It is due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

### **3.2. Use of Estimates**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements

### **3.3. Estimation of uncertainties relating to the global health pandemic from COVID-19**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information,



economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered.

### **3.4. Property, Plant and Equipment (PPE)**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognized.

### **3.5. Intangible Assets**

Intangible assets are stated at acquisition cost and other cost incurred, which is attributable to preparing the asset for its intended use, less accumulated amortization and accumulated impairment losses, if any. The cost of intangible assets acquired in a business combination is recorded at fair value on the date of acquisition. Intangible assets are amortised on straight line basis over their estimated useful economic life not exceeding ten years. An item of Intangible Asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognized. The residual values, useful lives and methods of amortisation of Intangible Assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

### **3.6. Impairment of Assets**

#### **i. Financial Assets**

The Company recognizes loss allowances using the expected credit losses (ECL) model for the financial assets which are not fair valued through statement of profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in such case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit and loss.



## ii. Non-Financial Assets

### Intangible Assets and Property, Plant and Equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

## iii. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

## 3.7. Financial Instruments

### i. Investments and other financial assets

#### Initial recognition and measurement

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

#### Subsequent measurement

For purposes of subsequent measurement, the Company classifies its financial assets in the following measurement categories:



- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

### **Equity investments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses for an equity investments, that is not held for trading, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### **Derecognition**

A financial asset is derecognised only when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to one or more recipient

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.



### **Offsetting Financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

## **ii. Financial Liabilities**

### **Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Borrowings:** Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. They are subject to confirmation and reconciliation and consequential adjustments, if any..

**Trade and other payable:** These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are subject to confirmation and reconciliation and consequential adjustments, if any.





### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **iii. Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **3.8. Fair Value Measurement**

The Company discloses fair values of financial instruments measured at amortised cost in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability Or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The Company must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:



- i. Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Valuation process and assumption used to measure the fair value of Assets and Liabilities is disclosed.

### **3.9. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of duty and net of discounts, returns and value added taxes and amount collected on behalf of third party. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met, as described below.

#### **Revenue from sales of goods**

Revenue from sale of goods is recognized when all the following conditions have been satisfied:

- i. The company has transferred to the buyer the significant risks and rewards of the ownership of the goods;
- ii. The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. The amount of revenue can be measured reliably;
- iv. It is probable that the economic benefits associated with the transaction will flow to the company; and
- v. The cost incurred or to be incurred in respect of the transaction can be measured reliably.

#### **Revenue from Contract Income**

Revenue from construction contracts is recognized by reference to the stage of completion of the construction activity as on Balance Sheet date, as measured by the proportion that contract cost incurred for work performed to date bear to the estimated total contract cost.



Where the outcome of the construction cannot be estimated reliably, revenue is recognized to the extent of the construction cost incurred if it is probable that they will be recoverable. In the case of the contract defined with mile stones and assigned price for each mile stone, it recognize the revenue on transfer of significant risks and rewards which coincides with achievement of mile stone and its acceptance by the customers.

Provision is made for all losses incurred to the balance sheet date. Any further losses which are foreseen in bringing contracts to completion are also recognized.

Contract Revenue earned in excess of billing has been reflected in other current Assets and Billing in excess of contract revenue has been reflected under Current Liabilities in the Balance Sheet.

**Other Revenue is recognized as follow:**

**i. Finance Income:**

Finance income is recognised as it accrues using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payment or receipts over the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Finance income is included in other income in the profit & Loss Account.

**ii. Dividend**

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**3.10. Inventories**

Traded Goods have been valued at lower of cost and net realisable value. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

NRV is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make the sale.

**3.11. Cash and Cash equivalents**

Cash and cash equivalents include cash at bank and in hand and deposits held at call with banks. For the purpose of the cash flows statements, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.



### **3.12. Income Tax**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### **3.13. Employee Benefit Expense**

#### **Short-term / long term obligations**

All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss/ Capital Work-in-Progress, as applicable. The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognised as liability at the net present value.

#### **Defined contribution plan**

Contributions to defined contribution schemes such as provident fund, Employees State Insurance and Pension Plans are charged off to the Statement of Profit and Loss/ Capital Work-in-Progress, as applicable, during the year in which the employee renders the related service.



### **3.14. Provisions, contingent liabilities and contingent assets**

#### **Provision**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### **Contingent liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

#### **Contingent Assets**

Contingent assets is disclosed where an inflow of economic benefit is probable.

### **3.15. Earning per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **3.16. Cash Flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### **3.17. Foreign Currency Transactions**

#### **Functional Currency**

Financial statements of the Company's are presented in Indian Rupees (₹), which is also the functional currency.



### **Transactions and Translations**

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

### **3.18. Leases**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as Operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.



AAREY DRUGS & PHARMACEUTICALS LIMITED  
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Notes Forming part of Financial Statements

Note : 3 PROPERTY PLANT AND EQUIPMENT

FY 2019-20

Sr. No	Particulars	Useful life (Month)	Gross Block				Depreciat on				Net Block	
			Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deductio n during the year	Value at the end	WDV as on 31.03.2020	WDV as on 31.03.2019
	<b><u>Tangible Assets</u></b>											
1	Land	9 6	2,243,546	-	-	2,243,546	226,620	-	-	226,620	2,016,926	2,016,926
2	Factory Building	3 6	29,755,744	160,992	-	29,916,736	22,693,777	938,384	-	23,632,161	6,284,575	7,061,967
3	Plant & Machinery	3 6	213,541,389	8,377,298	5,000	221,913,687	107,435,635	5,625,663	-	113,061,298	108,852,387	106,105,752
4	Electronic Equipments		765,546	113,449	-	878,995	589,384	79,019	-	668,403	210,592	176,162
5	Furniture		2,569,264	454,622	43,040	2,980,846	928,795	448,941	-	1,377,736	1,603,110	1,640,469
6	Computer		1,169,115	34,737	-	1,203,852	698,925	73,518	-	772,443	431,410	470,191
7	Motor Car		2,245,607	-	-	2,245,607	1,662,783	100,398	-	1,763,181	482,426	582,824
8	Laboratory Equipment		139,056	8,712	-	147,768	132,103	-	-	132,103	15,665	6,953
9	Air Condition		8,884,037	88,321	4,137	8,968,221	4,199,681	1,672,811	-	5,872,492	3,095,729	4,684,356
	<b>TOTAL</b>		<b>261,313,304</b>	<b>9,238,131</b>	<b>52,177</b>	<b>270,499,259</b>	<b>138,567,703</b>	<b>8,938,734</b>	-	<b>147,506,437</b>	<b>122,992,821</b>	<b>122,745,600</b>
	<b>Previous Year</b>		<b>245,613,675</b>	<b>15,699,629</b>	<b>-</b>	<b>261,313,304</b>	<b>128,484,432</b>	<b>10,083,271</b>	-	<b>138,567,703</b>	<b>122,745,600</b>	<b>117,129,243</b>



**Note: 4 Investments in Equity**

Particulars	As at 31st March 20	As at 31st March 19
<b>Investment in equity</b>		
(i) Shares of Transmedia Software Ltd	4,000,000	4,000,000
<b>Other Investments</b>		
(ii) Advance Paid for Plot At Kankavali	400,000	400,000
<b>TOTAL</b>	<b>4,400,000</b>	<b>4,400,000</b>

**Note: 5 Other Current Financial Assets**

Particulars	As at 31st March 20	As at 31st March 19
Fixed Deposit with Dena Bank	-	3,565
Margin Money -kalupur bank	-	80,778
<b>TOTAL</b>	<b>-</b>	<b>84,343</b>

**Note: 6 Trade Recievables**

Particulars	As at 31st March 20	As at 31st March 19
<b>Trade receivables outstanding for a period exceeding six months from the date they were due from 31.03.2019</b>		
Secured, considered good		
Unsecured, considered good, Doubtful	-	88,820,128
<b>Other Trade receivables</b>		
Secured, considered good		





Unsecured, considered good, Doubtful*	-	968,627,836
<b>TOTAL</b>	<b>961,332,778</b>	<b>1,057,447,964</b>

**Note: 7 Short term Loans and advances**

Particulars	As at 31st March 20	As at 31st March 19
Advance to Employees	-	-
Advance to others	200,000	200,000
<b>TOTAL</b>	<b>200,000</b>	<b>200,000</b>

**Note: 8 Other Financial Assets**

Particulars	As at 31st March 20	As at 31st March 19
Short Term Loans & Advances	19,909,922	22,757,500
Statutory Deposits	3,264,145	3,186,838
Other Deposits	23,258,710	19,246,005
<b>TOTAL</b>	<b>46,432,777</b>	<b>45,190,343</b>

**Note: 9 Other Current Assets**

Particulars	As at 31st March 20	As at 31st March 19
Advance to suppliers for Goods	592,034,505	-
Advance towards Expenses	19,951,895	475,852
Misc Expenditure not yet written off	528,000	792,000
GST Receivables	17,972,149	9,627,051
<b>TOTAL</b>	<b>630,486,549</b>	<b>10,894,903</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### NOTE 10: SHARE CAPITAL

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
<b>(a) Authorised:</b>				
25,000,000 Equity Shares of Rs. 10/- each	<b>25,000,000</b>	<b>250,000,000</b>	<b>25,000,000</b>	<b>250,000,000</b>
(Previous year 25,000,000 Equity Shares of Rs 10/- each)				
<b>(b) Issued, subscribed and fully paid-up shares:</b>				
2,33,84,684 Equity Shares of Rs. 10/- each fully paid up	23,384,684	233,846,840	23,384,684	233,846,840
(Previous Year 18,084,684 Equity Shares of Rs. 10/- each)				
<b>Total Issued, subscribed and fully paid-up shares</b>	<b>23,384,684</b>	<b>233,846,840</b>	<b>23,384,684</b>	<b>233,846,840</b>

#### (a) Reconciliation of the shares outstanding at the beginning and end of the reporting year

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
Equity Shares				
At the beginning of the year	23,384,684	233,846,840	<b>233,846,840</b>	<b>233,846,840</b>
Preferential Issue during the year *	-	-	-	-



Outstanding at the end of the year	23,384,684	233,846,840	23,384,684	233,846,840
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**Note-** During the previous year company has issued shares as a preferential issue.

**Note-** During the previous year the company had converted pending share application money into share warrants.

**(b) Shares held by each shareholder holding more than 5% of equity share capital:**

	As at 31 March, 2020		As at 31 March, 2019	
Name of the shareholder	Number of shares	% Shareholding	Number of shares	% Shareholding
MIHIR RAJESH GAHTALIA	2,820,888	12.01	2,820,888	12.01
SURAJ TRADELINKS PRIVATE LIMITED	1,960,000	8.38	1,960,000	8.38
NIMIT IMPEX PRIVATE LIMITED	1,960,000	8.38	1,960,000	8.38
BINA RAJESH GHATALIA	1,943,550	8.31	1,805,736	7.72
<b>TOTAL [ 5% &amp; above ]</b>	<b>8,684,438</b>	<b>37.08</b>	<b>8,546,624</b>	<b>36.49</b>

**( c) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of

directors is subject to the approval of the shareholders in ensuing Annual General Meeting. In event of liquidation of the Company the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The Distribution will be in proportion to the number of equity shares held by the shareholders.



**Note: 11 Other Equity**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital Reserve	2,000,000	2,000,000
Securities premium	348,522,053	348,522,053
Share Warrant	23,150,000	23,150,000
Pending Share Application Money		-
Profit & loss balance	258,007,233	194928091.8
Adj: Transition Adj		
Net Profit for the Period	57,935,440	65,417,609
less: Dividend Paid	-	(2,338,468)
<b>Closing Balance of Profit and Loss Account</b>	<b>315,942,673</b>	<b>258,007,233</b>
<b>TOTAL</b>	<b>689,614,726</b>	<b>631,679,279</b>

**Note: 12 Long term Borrowings**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured Vehicle Loan	191,178	386,383
<b>TOTAL</b>	<b>191,178</b>	<b>386,383</b>

As it is a Vehicle Loan, Primarily secured by hypothecation of vehicles itself only.

**Note: 13 Deferred Taxes**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Liability	14,401,589	14,917,505
<b>TOTAL</b>	<b>14,401,589</b>	<b>14,917,505</b>



**Note: 14 Financial liabilities - Borrowings**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured Portion		
Dena Bank*	172,002,897	161,163,695
Unsecured Portion		
a) From Directors	244,100	-
b) From Others	6,437,350	-
<b>TOTAL</b>	<b>178,684,347</b>	<b>161,163,695</b>

\*Cash Credit Facility taken from bank which is secured by way of hypothecation of stock, book debts, and further secured by mortgage of factory land and building

**Note: 15 Trade Payables**

Particulars	As at 31st March, 2020	As at 31st March, 2019
For Goods	757,020,325	372,785,443
For Expenses	20,476,428	-
<b>TOTAL</b>	<b>777,496,753</b>	<b>372,785,443</b>

**Note: 16 Other Financial Liabilities**

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Employees Profession Tax Payable	16,300	4,125
(b) T.D.S. Payable	298,721	406,061
(c) Service Tax Payable	537,442	537,441
(d) Provision for Expenses	1,866,543	1,034,534
(e) GST Receivable	-	-
(f) Provision for FBT	-	-
(g) Interest on TDS	-	306



(h) Dividend Payable	60,471	112,471
(i) GST Payable	17,095,473	1,229,808
<b>TOTAL</b>	<b>19,874,950</b>	<b>3,324,746</b>

**Note: 17 Provisions**

<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
Income tax (AY 2019-20)	-	38,625,711
Income tax (AY 2020-21)	26,571,984	-
<b>TOTAL</b>	<b>26,571,984</b>	<b>38,625,711</b>

**Note: 18 Other Current Liabilities**

<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
Advance from Customers	-	-
Deposit received	150,000	150,000
Margin Money Saraswat bank	-	274,521
<b>TOTAL</b>	<b>150,000</b>	<b>424,521</b>

**Note : 19 Revenue from Operations**

<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
1	Sale of Traded Goods	3,000,888,452	3,547,414,480
	<b>TOTAL</b>	<b>3,000,888,452</b>	<b>3,547,414,480</b>



**Note: 20 Other Income**

Sr. No	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Interest Income against Trade Advances	26,145,479	20,184,573
2	Interest on late payment	495,007	633,469
3	Commission Received	31,157,896	6320623
4	Storage Income	772,675	1,118,416
5	Misc. Income	1,506	5,983
6	Gst Rec	2,861	209,114
7	Discount Income	29,828	15,518
8	Cancellation Order	96,204	49,296
9	Detention Chrages	3,000	66,326
10	Labour & Job Work	8,187,874	14,779,880
	<b>TOTAL</b>	<b>66,892,331</b>	<b>43,383,197</b>

**Note: 21 Cost of Purchase**

Sr. No	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Purchases	2,824,248,132	3,449,856,899
	Add: Direct Expense	35,024,123	24,625,024
	<b>TOTAL</b>	<b>2,859,272,255</b>	<b>3,474,481,923</b>

**Note: 22 Changes in Inventory**

Sr. No	Particulars	As at 31st March, 2020	As at 31st March, 2019
	Opening Stock	212,503,545	147,749,673
		-	
Less:	Closing Stock	169,960,270.00	-212,503,545



	<b>TOTAL</b>	<b>42,543,275</b>	<b>-64,753,872</b>

**Note : 23 Employment Benefit Expenses**

<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
1	Salaries	728,350	1,932,277
2	Staff Welfare Exp	198,164	127,190
3	Director Remuneration	600,000	300,000
4	Bonus	161,863	95,097
5	Gratuity Exp	150,000	27,000
6	Medical Exp	171,849	3,199
7	Director Perquisites	456,987	761,195
8	House Rent Allowance	1,500,000	1,500,000
<b>TOTAL</b>		<b>3,967,213</b>	<b>4,745,958</b>

**Note: 24 Finance Cost**

<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
1	Bank Charges	43,924.94	-
2	Interest Exp (bank Interest)	16,584,933	13,999,725
3	Other Interest (LC Discounting charges)	-	7,280,473
4	Bank and other processing charges	943,314	889,260
5	Other Interest	279,382	129,843
<b>TOTAL</b>		<b>17,851,553</b>	<b>22,299,301</b>





**Note: 25 Other Expenses**

<b>Sr. No</b>	<b>Particulars</b>	<b>As at 31st March, 2020</b>	<b>As at 31st March, 2019</b>
1	Conveyance	32,747	82,851
2	Electricity Charges	147,451	400,871
3	Custodial Fees	150,000	120,000
4	Cancellation of Order	709,131	-
5	Brokerage and Commission Expenses	5,208,861	7,453,675
6	Legal & Professional Charges	1,032,980	1,224,084
7	Motar Car Expenses	673,644	489,882
8	Printing & Stationary Exps.	100,413	137,044
9	Audit Fees	108,000	108,000
10	Communication Expenses	-	275,061
11	Repairs & Maintenance	214,592	284,428
12	Insurance Exps.	2,800,158	247,136
13	Donation Expenses	144,320	20,000
14	RTA Expenses	154,088	178,000
15	Sales promotion Expense	1,672,816	1,909,749
16	Advertisement Expenses	345,629	25,039
17	Carriage Outward Expenses	54,100	228,740
18	Miscellaneous Expenses	49,908	28,799
19	Office expenses	220,624	304,557
	Witten Off	165,401	12,951



20			
21	Travelling Exp	869,727	450,286
22	Membership and Subscription Exp	66,562	8,939
23	Prefrential and QIP Issue Exp	264,000	264,000
24	Filing Fees	9,800	-
25	Storage Exp	989,749	1,341,339
26	Excise and Custom Duty	-	362,923
27	Loading and Unloading Exp	158,160	65,914
28	Clearing and Forwarding Charges	309,158	288,156
29	GST & Sales Tax	25,033,357	9,599,614
30	Discount Exp	187,437	-
31	Telephone Expenses	250,455	-
32	Computer Expenses	129,020	77,171
33	Air Conditioner Expenses	29,590	26,800
34	Listing Fees	300,000	250,000
35	Office Rent	5,322,720	5,889,120
36	Wharehouse Charges	241,206	1,041,735
37	Postage & Courier	87,792	154,407
38	Sales Tax Paid	-	2,701,325
39	Transportation Charges	12,481,890	15,515,016
40	Detention Chrages	-	12,000
41	Notary/ Franking & Stamp Paper Charges	25,982	7,500
42	Import Expenses	1,912,297	2,493,925



	Export Expenses	16,064	-
	MPCB Charges	910	-
	Detention Charges	28,000	-
	Diwali Expenses	85,489	-
	<b>TOTAL</b>	<b>62,784,229.29</b>	<b>54,081,037.00</b>

**Note 26: Auditor Remuneration**

Sr. No	Particulars	As at 31st March 2020	As at 31st March 2019
1	Statutory Audit Fees	88,000	88,000
2	Internal Audit Fees	20,000	20,000
	<b>TOTAL</b>	<b>108,000</b>	<b>108,000</b>

**Note 27: Related Parties and Nature of Relationship:**

Related Party	Nature of Relationship
Mihir R. Ghatalia	Managing Director
Anil Mandal	Chairman
Chetan K. Mehta	Director
Satish M. Mehta	Director
Damyanti P Ghatalia	Relative of Managing Director & Woman Director
Bina R Ghatalia	Relative of Managing Director
Mira M Ghatalia	Relative of Managing Director
Rajesh P. Ghatalia	Relative of Managing Director
Nimit Impex Pvt Ltd	Concern in which relatives of MD are substantially interested.



SurajTradelinksPvtLtd	Concern in which relatives of MD are substantially interested
Enam Organic India Ltd	Company in which director are substantially interested

**Note 28: Related Party Transaction**

Particulars	Key Management Personnel	Relative of Key Management Personnel & Others
Remuneration	600,000	180,000
Rent Paid	5,322,720	-
<b><u>Loan Transactions</u></b>		
Loan amount taken	3,405,681	57,725,112
Loan amount given	3,411,581	58,007,216

Note - During the year loan was taken by the Directors which was repaid in the same year.

**Note 29:- Earning Per Share**

Earning per share (EPS) - The numerators and denominators used to calculate basic and diluted EPS:

Particulars		2019-20	2018-19
Profit for the year attributable to the Equity Shareholders	Rs.	57,935,440	65,417,609
Basic   Weighted average number of Equity shares	Number	23,384,684	23,384,684
Nominal value of Equity share	Rs.	10.00	10.00
<b>Basic and diluted Earning per Equity share</b>	<b>Rs.</b>	<b>2.48</b>	<b>2.80</b>

**Note 30: CURRENT AND DEFERRED TAX**

The major components of income tax expense for the years ended March 31, 2020 are:



### Income tax expense

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>i) Current tax</b>		
Current tax on profits for the year	15,004,000	22,500,000
Adjustments for current tax of prior period		-
<b>Total current tax expense</b>	<b>15,004,000</b>	<b>22,500,000</b>
<b>ii) Deferred tax</b>		
(Decrease)   Increase in deferred tax liabilities	515,916	(1,942,450)
Trfd to OCI on actuarial gain or loss		-
<b>Total deferred tax expense (benefit)</b>	<b>515,916</b>	<b>(1,942,450)</b>
<b>Income tax expense</b>	<b>15,519,916</b>	<b>20,557,550</b>

The reconciliation between the Statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Statutory income tax rate	26.00%	31.20%
b) Differences due to:		
i) Expenses not deductible for tax purposes	-	-
ii) Income exempt from income tax	-	-
iii) Income tax incentives	-	-
iv) Others	-	-
<b>Effective income tax rate</b>	<b>26.00%</b>	<b>31.20%</b>

No aggregate amounts of current and deferred tax have arisen in the reporting periods which have been recognised in equity and not in Statement of Profit and Loss or other comprehensive income.



**Deferred tax liabilities (net)**

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities | (assets):

Particulars	As at 31-03- 2020	(charged )   Credited to profit or loss   OCI	As at 31-03- 2019
Property, plant and equipment	14,401,58 8	(515,917)	14,917,50 5
<b>Total deferred tax liabilities</b>	<b>14,401,58 8</b>	<b>(515,917)</b>	<b>14,917,50 5</b>

**Unrecognised temporary differences**

The Company has not recognised deferred tax liability associated with fair value gains on equity share measured at OCI as based on Management projection of future taxable income and existing plan it is not probable that such difference will reverse in the foreseeable future.

Previous Year's figures have been  
Rearranged wherever Necessary

**Note 31:- Disclosure Requirement  
Under MSMED Act, 2006**

The Company has no dues to suppliers (trade and capital) registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act').

**Note 32:Segment Information**

Company has only one segment of activity namely "Trading and Manufacturing Activities". Since there is No export turnover, there are no reportable geographical segments.



In terms of our report attached.

**For DMKH & Co.**

Chartered Accountants

FRN:- 116886W

**Manish Kankani**

**Partner**

M.No.- 158020

Place : MUMBAI

Date : 10/08/2020

**For and on behalf of the Board**

**Mihir Ghatalia**

**Managing Director**

**Chetan Mehta**

**Director**

**Rajesh P. Ghatalia**

**CFO**

**Preeti P.Rathi**

**Company  
Secretary**



# AAREY DRUGS & PHARMACEUTICALS LIMITED

## ANNUAL REPORT 2019-20

For the year ended 31st March, 2020		
Balance as on 1st April 2019	changes in equity during the year	Balance as on 1st April 2020
23,384,684	-	23,384,684

For the year ended 31st March, 2019		
Balance as on 1st April 2018	changes in equity during the year	Balance as on 31st March 2019
23,384,684.00	-	23,384,684.00

### AAREY DRUGS & PHARMACEUTICALS LTD STATEMENT SHOWING CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31.03.2020

#### A) EQUITY SHARECAPITAL

#### B) OTHEREQUITY

Particulars	Reserve & Surplus					Other Comprehensive Income				Total
	CAPITAL RESERVE	Securities Premium Reserve	Retained Earning	Share Warrant	Pending Share Application Money	Equity Component through Financial Instrument	Effective portion of Cash Flow Hedges	Exchange differences of foreign operation	Other items of other Comprehensive Income	
Balance as on 1st April 2019	2,000,000	348,522,053	-	23,150,000	-	-	-	-	-	373,672,053
Premium on Equity shares issued during the year	-	-	-	-	-	-	-	-	-	-
Pending Share Application Money	-	-	-	-	-	-	-	-	-	-
Share Warrants	-	-	-	-	-	-	-	-	-	-
Remeasurement of defined employee benefit plans transferred to statement of profit and loss ( Net of Taxes )	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	57,935,440	-	-	-	-	-	-	57,935,440
Dividends including distribution tax	-	-	2,338,468	-	-	-	-	-	-	2,338,468
Transfer to retained earning/General Reserve	-	-	-	-	-	-	-	-	-	-
Any other changes	-	-	-	-	-	-	-	-	-	-
Balance as on 31st March 2020	2,000,000	348,522,053	55,596,972	23,150,000	-	-	-	-	-	631,679,279

The accompanying notes form 1 to 26 an integral part of the Financial Statements in terms of our report attached.

For DMKH&Co.  
Chartered Accountants FRN:- 116886W

For and on behalf of the Board

Manish Kankani  
Partner

Mihir Ghatalia  
Managing Director

Chetan Mehta  
Director

M.No.- 158020  
Place: MUMBAI  
Date: 10/08/2020

Rajesh P. Ghatalia  
CFO

Preeti Rathi  
Company Secretary





**AAREY DRUGS & PHARMACEUTICALS LIMITED**  
**ANNUAL REPORT 2019-20**

AAREY DRUGS & PHARMACEUTICALS LTD			
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2020			
	Particulars	Year ended 31st MARCH,2020	Year ended 31st MARCH,2019
<b>A.</b>	<b>Cash Flow from Operating Activities</b>		
	Net profit before Tax as per Profit & Loss Account	72,423,523	89,860,059
	<u>Adjusted for:</u>		
	Depreciation	8,938,734	10,083,271
	Right Issue Expense	-	-
	Finance Cost	17,851,553	22,299,301
	<b>Operating Profit before Working Capital Changes</b>	<b>99,213,811</b>	<b>122,242,631</b>
	<u>Adjusted for:</u>		
	(Increase)/ Decrease in Inventories	42,543,275	(64,753,872)
	(Increase)/ Decrease in Trade receivables	96,115,186	(104,475,635)
	(Increase)/ Decrease in Short Term Loans & Advances	-	34,000
	(Increase)/ Decrease in Other Current Assets	(620,749,738)	381,947,769
	Increase/ (Decrease) in Provision	(12,053,727)	6,859,720
	Increase/ (Decrease) in Trade Payables	404,711,310	(403,007,249)
	Increase/ (Decrease) in Short Term Borrowings	17,520,652	129,368,293
	Increase/ (Decrease) in Other Current Liabilities	16,275,683	(38,828,365)
		<b>43,576,451</b>	<b>29,387,292</b>
	Less: Taxes Paid	15,004,000	22,500,000
	<b>Cash Flow from Operating Activities (A)</b>	<b>28,572,451</b>	<b>6,887,292</b>
<b>B.</b>	<b>Cash Flow from Investing Activities</b>		
	Purchase of Fixed Assets	(9,185,955)	(12,281,167)
	FD with Banks	-	-
	Sale/(Purchase) of F.A.	-	-
	Interest Received/Receivable	-	-
	<b>Net Cash used in Investing Activities (B)</b>	<b>(9,185,955)</b>	<b>(12,281,167)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	<b>Issue of Equity share Capital</b>	-	-
	Repayment/Received of long term loans & advances	(195,205)	(177,564)
	Dividend Paid	-	(2,338,468)
	Share Warrants	-	-
	Finance Cost	(17,851,553)	(22,299,301)
	Right Issue Expense	-	-
	Premium on Issue of Shares	-	-
	<b>Net Cash used in Financing Activities (C)</b>	<b>(18,046,758)</b>	<b>(24,815,333)</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>1,339,739</b>	<b>(30,209,208)</b>
	<b>Opening Balance of Cash and Cash Equivalents</b>	<b>3,687,431</b>	<b>33,896,639</b>
	<b>Closing Balance of Cash and Cash Equivalents</b>	<b>5,027,170</b>	<b>3,687,431</b>
<b>Notes:</b>			
The above Cash flow Statement has been prepared under the "Indirect			
1 Method"set out in Ind AS-7 on Statement of Cash flow.			
Previous year figures have been reclassified to confirm with current Year's			
2 presentation,wherever applicable.			



AAREY DRUGS & PHARMACEUTICALS LIMITED  
ANNUAL REPORT 2019-20

3 This is the cashflows Statement referred to in our report of even date.

In terms of our report attached.

**For DMKH & Co.**

Chartered Accountants

FRN:- 116886W

**Manish Kankani**

**Partner**

M.No.- 158020

Place : MUMBAI

Date : 10/08/2020

**For and on behalf of the Board**

**Mihir Ghatalia**

**Managing Director**

**Rajesh P. Ghatalia**

**CFO**

**Chetan Mehta**

**Director**

**Preeti P. Rath**

**Company Secretary**



**ATTENDANCE SLIP**

( To be handed at the Entrance of the Meeting Hall )

I hereby record my presence at the Twenty Ninth Annual General Meeting of the Company at E-34, MIDC, Tarapur, Boisar, Dist. Palghar. On December 28, 2020 At 09.15 A.M.

DPID NO\*

Client ID No\*

Folio No \_\_\_\_\_

Full Name of the Shareholder \_\_\_\_\_

Signature (in block letters) \_\_\_\_\_

Full Name of the Proxy \_\_\_\_\_

Signature \_\_\_\_\_

\* Applicable for Investors holding shares in Electronic Forms.

**AAREY DRUGS & PHARMACEUTICALS LTD.**

Registered Office : E-34, MIDC, TARAPUR, BOISAR, DIST. PALGHAR.

**PROXY FORM**

DPID NO\*

Client ID No\*

I \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ Member(s) of the above named Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my / our Proxy to attend and vote for me/us and my/our behalf at the Twenty Ninth Annual General Meeting of the Company to be held on September 30, 2019 at 09.15 A.M. at E-34 , MIDC , Tarapur , Boisar , Dist. Palghar on and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Reference Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

\*Applicable for Investors holding shares in Electronic Forms.

**Note :** The Proxy duly executed should reach the Registered Office of the Company at least 48 hrs. before the time of Meeting.

