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DRUGS & PHARMACEUTICALS LTD.

**25th Annual Report
2014 - 2015**

BOARD OF DIRECTORS

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

KEY MANAGERIAL PERSONNEL

Rajesh P. Ghatalia	Chief Financial Officer
Sweta Poddar	Company Secretary

REGISTERED OFFICE

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

HEAD OFFICE

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

WORKS

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

BANKER

DENA BANK
Andheri (West), Mumbai

AUDITORS

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

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON 25TH SEPTEMBER, 2015 AT E-34, MIDC, TARAPUR, BOISAR, DIST. THANE AT 9.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2015, the Balance sheet as on that date and the reports of Directors and Auditors thereon.
“**RESOLVED THAT** the Audited Profit & Loss Account for the year ended 31st March, 2015, the Balance sheet as on that date and the reports of Directors and Auditors thereon be and hereby approved.”
2. To appoint a Director in place of Mr. Jagish K. Shah, who retires by rotation and, being eligible, offers himself for reappointment.
“**RESOLVED THAT** Mr. Jagish K. Shah who retires by rotation at this Annual General Meeting be and is hereby appointed as Director of the Company, liable to retire by rotation.”
3. To appoint M/s. DMKH and company, as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the 29th Annual General Meeting and authorise the Board of Directors to fix their remuneration.
“**RESOLVED THAT** that pursuant to the provisions of section 139 and any other applicable provisions of the Companies Act, 2013 M/s. DMKH and Company, Chartered Accountants, Mumbai be and are hereby appointed as Auditors of the Company to hold office from conclusion of this meeting until the conclusion of the 29th Annual General Meeting to be held in the calendar year 2019 subject to ratification by the members at every Annual General Meeting and that the Board of Directors are be and hereby authorized to fix their remuneration.”

SPECIAL BUSINESS

4. Appointment of Smt. Damyanti P. Ghatalia as Director.
To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-
“**RESOLVED THAT** Smt. Damyanti P. Ghatalia (DIN: 05288741), who was appointed an Additional Director of the Company with effect from 14th February 2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company.”
5. Re-Appointment of Mr Chetan K. Mehta as Independent Director.
To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, of the Companies Act, 2013 (“Act”), and under clause 49 of the Listing Agreement, Mr. Chetan Mehta in respect of whom the Company has, as required by Section 149(6) of the Companies Act 2013, received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the Office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5(Five) consecutive years for a term upto the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2020 and is not subject to retire by rotation”.
6. Re-Appointment of Mr. Satish M. Sheth as Independent Director.
To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.



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

7. Adoption of new set of Articles of Association

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

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

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

8. Adoption of new set of Memorandum of Association

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

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

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

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

Mihir R. Ghatalia
Managing Director

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

Date : 14th August, 2015

Place : Mumbai

NOTES:

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

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

2. The register of members and the share transfer books of the company will remain closed from 22nd September' 2015 to 24th September' 2015 (both days inclusive) in connection with the Annual General Meeting.
3. Members are requested to send all transfer deeds, share certificates and other correspondence relating to registration of transfers, transmission endorsement of payment of allotment moneys, change in their address etc to the Registrar & Share Transfer Agents i.e

LINK INTIME INDIA PRIVATE LIMITED

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

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

1.	Name of Director	Mr. Jagdish K. Shah
2.	Age	61 yrs
3.	Date of Appointment	02.12.2004
4.	Qualification	B. Com
5.	Directorship held in other Limited Companies (Excluding Foreign Companies)	NIL
6.	Committee position held in other companies	NIL
7.	Number of Shares held	NIL

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

6. **Voting through electronic means:**

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

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

In case of members receiving e-mail:

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

- (i) Click on “Shareholders” tab.
- (ii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iii) Next enter the Image Verification as displayed and Click on Login.
- (iv) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (v) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. Members who have not updated their DOB with the Company/ Depository Participant are requested to use 20.09.2014 in the DOB field.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field .

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for Aarey Drugs & Pharmaceuticals Limited<Company Name> on which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xv) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xvi) **In case of members receiving the physical copy:** Please follow all steps from sl. no. (i) to sl. no. (xv) above to cast vote.
- (xvii) The e-voting period shall commence on September 21, 2015 (9:00 a.m. onwards) and ends on September 23, 2015 (6:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 18th September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (xviii) Mr. Virendra Bhatt, Whole time Practicing Company Secretary, Mumbai has been appointed Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xix) The Scrutinizer shall within a period not exceeding two days from the conclusion of e-voting period unblock the votes in the presence of two witnesses not in employment of the Company and make scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the Company.
- (xx) The Results shall be declared on or after the AGM of the Company. The Result declared alongwith the Scrutinizer's Report shall be placed on the Company website at www.aareydrugs.com within two days of passing of the resolutions of the AGM and communicated to BSE Limited.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

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

Mihir R.Ghatalia
Managing Director

REGISTERED OFFICE :
E-34, MIDC, TARAPUR,
BOISAR, DIST. THANE
Date : 14th August, 2015
Place : Mumbai

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

Item No. 4. Appointment of Director

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

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

Item No.5 to 6:

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

Item No. 7 & 8 :

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

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

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

Mihir R. Ghatalia
Managing Director

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

Date : 14th August, 2015
Place : Mumbai

DIRECTORS REPORT

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

FINANCIAL RESULTS:

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

REVIEW OF OPERATIONS & FUTURE OULLOOK

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

DIVIDEND

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

DEPOSITS

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

CORPORATE SOCIAL RESPONSIBILITY

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

DIRECTOR

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

To regularize the appointment of Smt. Damiyanti P Ghatalia who was appointed by Board as a Woman Director vide its Board Meeting dated 14th February, 2015.

At present, your Company has 3 (Three) Non-Executive Directors out of which two are Independent Directors pursuant to the provisions of the Clause 49 of the Listing Agreement. Pursuant to Section 149 of the Companies Act, 2013, every listed company shall have at least one-third of its total strength of the Board of Directors as Independent Directors. Based on the present composition of the Board of Directors and the number of Independent Directors, the Company complies with this requirement.

During this Annual General Meeting, it is proposed to confirm the appointment of all the present Independent Directors to bring their appointment in tune with the provisions of the Companies Act, 2013. Pursuant to the provisions of the Companies Act, 2013, the period of appointment of Independent Directors shall be 5 (Five) consecutive years from the date of their appointment at Annual General Meeting and they are not liable to retire by rotation.

The Company has received notices under Section 160 of the Companies Act, 2013 (Section 257 of the Companies Act, 1956) proposing appointment of 2 (Two) Independent Directors.

In the opinion of your Directors, your Company will continue to benefit from Mr. Chetan K. Mehta and Mr. Satish M. Sheth, Non-Executive Independent Directors in their capacity as Director of your Company. Your Directors, therefore, recommend that the proposed resolutions relating to appointment of these Directors be passed.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) that in preparation of the Annual Accounts for the year ended 31st March, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of financial year ended 31st March, 2015 and the profit/(Loss) of the Company for the year under review;
- (iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts for the year ended 31st March, 2015 have been prepared on a "going concern basis"

ANNUAL RETURN

As per section 92(3) of the Companies Act, 2013, the extract of the Annual Return is annexed hereto as **Annexure A**.

AUDITORS

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

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors had appointed Mr. Virendra Bhatt, Practising Company Secretaries as the Secretarial Auditor of the Company for the financial year 2014-15.

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 B above.

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.

RELATED PARTY TRANSACTIONS:

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) Details of material contracts or arrangement or transactions at arm's length basis

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

Jagdish K.Shah
CHAIRMAN

Place: Mumbai
Date : 30th May, 2015

ANNEXURE TO DIRECTOR'S REPORT
ANNEXURE - "A"
**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2015**

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-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (West), Mumbai-400 078. 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 intermediates	46102	98.8

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	NIL				

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	6,646,764	-	6,646,764	39.53%	6,534,541	-	6,534,541	38.86%	-1.69%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	3,120,000	-	3,120,000	18.56%	3,120,000	-	3,120,000	18.56%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	9,766,764	-	9,766,764	58.08%	9,654,541	-	9,654,541	57.42%	-1.15%
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL (A)	9,766,764	-	9,766,764	58.08%	9,654,541	-	9,654,541	57.42%	-1.15%

B. Public Shareholding
1. Institutions

a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1):-	-	-	-	0.00%	-	-	-	0.00%	0.00%

2. Non-Institutions

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) Bodies Corp.									
i) Indian	869,441	21,720	891,161	5.30%	581980	21920	603,900	3.59%	-32.23%
ii) Overseas	-	-	-	0.00%	0	0	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,456,749	571,479	2,028,228	12.06%	1673812	563959	2,237,771	13.31%	10.33%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3,250,156	94,060	3,344,216	19.89%	3631147	88160	3,719,307	22.12%	11.22%
c) Others (specify)									
Non Resident Indians	74,486	-	74,486	0.44%	29214	0	29,214	0.17%	-60.78%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals Clearing	-	-	-	0.00%	0	0	-	0.00%	0.00%
Members	709,829	-	709,829	4.22%	569951	0	569,951	3.39%	-19.71%
Trusts	-	-	-	0.00%	0	0	-	0.00%	0.00%
Foreign Bodies - DR	-	-	-	0.00%	0	0	-	0.00%	0.00%
Sub-total (B)(2):-	6,360,661	687,259	7,047,920	41.92%	6,486,104	674,039	7,160,143	42.58%	1.59%
Total Public (B)	6,360,661	687,259	7,047,920	41.92%	6,486,104	674,039	7,160,143	42.58%	1.59%
C. Shares held by Custodian for GDRs & ADRs			-	0.00%				0.00%	0.00%
Grand Total (A+B+C)	16,127,425	687,259	16,814,684	100.00%	16,140,645	674,039	16,814,684	100.00%	0.44%



(ii) Shareholding of Promoter

S N	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	MIHIR R GHATALIA	2,820,888	16.78%		2,820,888	16.78%	0	0.00%
2	BINA R GHATALIA	1,801,720	10.72%		1,801,725	10.72%	0	0.00%
3	NIMIT IMPEX PVT LTD.	1,560,000	9.28%		1,560,000	9.28%	0	0.00%
4	SURAJ TRADELINKS PVT LTD	1,560,000	9.28%		1,560,000	9.28%	0	0.00%
5	DAMAYANTI P GHATALIA	1,137,544	6.77%		1,137,544	6.77%	0	0.00%
6	RAJESH P GHATALIA	269,430	1.60%		269,459	1.60%	0	0.01%
7	MIRA M GHATALIA	240,000	1.43%		240,000	1.43%	0	0.00%
8	DAMIYANTI P GHATALIA	250,000	1.49%		154,793	0.92%	0	-0.57%
9	RAJESH P GHATALIA	127,182	0.76%		110,132	0.65%	0	-0.10%

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

S N	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	9,766,764	58.08%	9,766,764	58.08%
	Changes during the year	(112,223)	-0.67%	(112,223)	-0.67%
	At the end of the year	9,654,541	57.42%	9,654,541	57.42%

(iv) Shareholding Pattern of top ten Shareholders

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

S N	For each of the Top 10 shareholders	Shareholding at the beginning of the year		change in Shareholding during of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares	No. of shares	% of total shares	No. of shares	% of total shares
1	Arcadia Share & Stock Brokers Pvt Ltd	458320	2.73%	(66,090)	-0.39%	392,230	2.33%
2	Urmila R Mehta	432292	2.57%	202,088	1.20%	634,380	3.77%
3	Priti C Mehta	402977	2.40%	-	0.00%	402,977	2.40%
4	Sankaranarayanan Krishnakumar	325000	1.93%	-	0.00%	325,000	1.93%
5	Maruti k Ugade	285012	1.69%	-	0.00%	285,012	1.69%
6	Sangita M Ugade	191500	1.14%	50,000	0.30%	241,500	1.43%
7	Manoj V Parmar	168000	1.00%	-	0.00%	168,000	1.00%
8	Bharti M Parmar	168000	1.00%	-0.00%	168,000	1.00%	
9	J B Shares & Stock Ltd	137213	0.82%	(97,144)	-0.58%	40,069	
10	saiarihant Ventures Pvt Ltd	132673	0.79%	-	0.00%	132,673	0.79%
11	Jaikishan Rathii HUF	50000	0.30%	50,000	0.30%	100,000	0.59%

(v) Shareholding of Directors and Key Managerial Personnel:

S N	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mihir R Ghatlia						
	At the beginning of the year			2,820,888	16.78%	2,820,888	16.78%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			2,820,888	16.78%	2,820,888	16.78%
2	Jagdish K shah						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%
3	Chetan K Mehta						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%
4	Satish M Sheth						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%
5	Lait R Tulsiani						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%
6	Damiyanti P Ghatalia						
	At the beginning of the year			1,387,544	8.25%	1,387,544	8.25%
	Changes during the year			(95,207)	-0.57%	(95,207)	-0.57%
	At the end of the year			1,292,337	7.69%	1,292,337	7.69%
7	Sweta Podar (company Secretary)]						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%

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
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	142,011.00	NIL	142,011.00
ii) Interest due but not paid	NIL	NIL	NIL	-
iii) Interest accrued but not due	NIL	NIL	NIL	-
Total (i+ii+iii)	142,011.00			142,011.00
Change in Indebtedness during the financial year				
* Addition	NIL	NIL	NIL	-
* Reduction	NIL	142,011.00	NIL	142,011.00
Net Change	-	142,011.00	-	142,011.00
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	-
ii) Interest due but not paid	NIL	NIL	NIL	-
iii) Interest accrued but not due	NIL	NIL	NIL	-
Total (i+ii+iii)	-	-	-	-


VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
N.		Mihir R Ghatalia	(Rs)
		MD	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	300,000.00	300,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	-
2	Stock Option	NIL	-
3	Sweat Equity	NIL	-
4	Commission		
	- as % of profit	NIL	-
	- others, specify	NIL	-
5	Others, please specify	NIL	-
	Total (A)	300,000.00	-
	Ceiling as per the Act		300,000.00

B. Remuneration to other Directors

S	Particulars of Remuneration	Name of Directors	Total Amount (Rs/Lac)
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		300,000.00
	Overall Ceiling as per the Act		

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

S.	Particulars of Remuneration	Name of Key Managerial Personnel	Total Amount (Rs)
		CFO	CS
		Rajesh P Ghatalia	Sweta Poddar
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	180,000.00	180,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2	Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission		
	- as % of profit	NIL	NIL
	- others, specify	NIL	NIL
5	Others, please specify	NIL	NIL
	Total	180,000.00	180,000.00
			360,000.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty		NIL			
Punishment		NIL			
Compounding		NIL			
B. DIRECTORS					
Penalty		NIL			
Punishment		NIL			
Compounding		NIL			
C. OTHER OFFICERS IN DEFAULT					
Penalty		NIL			
Punishment		NIL			
Compounding		NIL			

ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE - "B"

Virendra Bhatt

Company Secretary

Office :

602, Tardeo Airconditioned Market,
Tardeo Main Road, Tardeo,
Mumbai-400 034.

Tel. : 2351 4867 / 2351 2412

Mobile : 98200 48670

e-mail : bhattivirendra1945@yahoo.co.in

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[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 Aarey Drugs and Pharmaceuticals Limited books, papers, minute books, forms and returns filed and other 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 March 31, 2015 generally complied with the statutory provisions listed hereunder:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Aarey Drugs and Pharmaceuticals Limited ("the Company") for the financial year ended on March 31, 2015 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 (Not applicable during the audit period);
- (iv) Foreign Exchange Management Act, 1999 & the rules & regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment & External Commercial Borrowings;

- (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, 1992;
 - (c) The Securities And Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (Not applicable during the audit period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable during the audit period);
 - (e) The Securities & Exchange Board of India (Issue & listing of Debt securities) Regulations, 2008 (Not applicable during the audit period);
 - (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 (Not applicable during the audit period);
 - (g) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable during the audit period); and
 - (h) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable during the audit period);
- (vi) The Company is engaged in composite range of activities in the field of Chemical Industries. In our opinion, the Company being operating in the aforesaid diversified activities, various laws/ regulations are applicable to it. In the absence of any identifiable specific major law/ regulation under which the sector and the Company operates, we are not in a position to identify and report the same in our report.
- (vii) I have also examined compliance with the applicable clauses of the following:
- (i) The Listing agreements entered into by the Company with the stock exchanges.
 - (ii) Secretarial Standards Issued by The Institute of Company Secretaries of India – (At present not applicable).

I report that the company has appointed Internal Auditor, necessary form is yet to be filed

I further report that Form MR-1 for appointment of Key Managerial Personnel i.e. for Company Secretary, Chief Financial Officer and Whole Time Director has been lately filed.

I further report that Form MGT-15 (Report on AGM) has been attached in Form GNL-2.

I further report that forms for Unaudited Financial Statement, Audited Financial Statement and Loan taken from the bank needs to be filed with ROC.

I further report that outcome of the board meeting dated 14.11.2014 has not been filed with the Stock Exchange i.e. BSE.

I further report that the company has not published in newspapers, the various documents which are mandatory for the company to be published like advertisement for book closure, AGM and financial statements both annually & quarterly, same has been disclosed on the website of the Company.

I further report that Company has not appointed Cost Auditor as there is no manufacturing activity during the year 2014-15.

As per the information provided by the Company, they are not required to donate the amount towards Corporate Social Responsibility as per rules and provision of Companies Act, 2013.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that I rely on statutory auditor's reports in relation to the financial statements and accuracy of financial figures for, Sales Tax, Wealth Tax, Value Added Tax, Related Party Transactions, Provident Fund, ESIC, etc. as disclosed under financial statements, Accounting Standard 18 & note on foreign currency transactions during our audit period and I have not verified the correctness and appropriateness of the books of accounts of the Company.

I further report that the board of directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors & 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.

I further report that as per the information provided generally adequate notice is given to all directors to schedule the Board Meetings, agenda & detailed notes on agenda were sent at least seven days in advance & a system exists for seeking & obtaining further information & clarifications on agenda items before the meeting & for meaningful participation at the meeting.

I further report that as per the information provided majority decision is carried through while the dissenting members' views are captured & recorded as part of the minutes.

I further report that there are generally adequate systems & processes in the company commensurate with the size & operations of the company to monitor & ensure compliance with applicable laws, rules, regulations & guidelines.

I further report that the management is responsible for compliances of all business laws. This responsibility includes maintenance of statutory registers/records required by the concerned authorities and internal control of the concerned department.

I further report that during the audit period the company has no specific events like Public/Right/Preferential issue of shares/debentures/sweat equity, etc.

I further report that our report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our 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. 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.
5. 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.

Place: Mumbai
Date: 27th August, 2015


Virendra Bhatt
ACS No - 1157
COP No - 124

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	2014-2015	2013-2014
(i) Electricity Purchased:		
Units (KWH)	---	---
Total Amount (Rs.)		
Rate / Unit (Rs.)		
(ii) Own generation		
a) Through diesel generator Unit	---	---
Units per ltr. of diesel oil		
Cost / Unit		
b) Through steam turbine/generator		
Unit	465500.00	665366.00
Units per ltr. Of fuel oil / gas	6.65	6.65
Cost / Unit	5.80	7.50
(iii) Coal		
Quantity (tones)	---	---
Total Cost		
Average rate		
(iv) Furnance Oil / Diesel		
Quantity (m.t.)	40.00	100.00
Total Amount (Rs.)	1824000.00	4990244.00
Average rate (Rs.)	45.60	49.90
(v) Others/internal generation		
Quantity	----	----
Total cost		
Rate / unit		

	Quantity (in MTS)	Quantity (in MTS)
C. ACTUAL PRODUCTION :		
Production of industrial solvents & Thinner	----	-----
RESEARCH & DEVELOPMENT (R & D):		
i) Specific areas in which R & D is conducted By the company :		
ii) Benefits derived as a result of above R & D :		
iii) Further Plan of Action :		
iv) Management Review :		
v) Expenditure on R&D :	2014-2015 (Rs.)	2013-2014 (Rs.)
a) Capital	---	---
b) Recurring Total	---	---
c) Total R&D Expenditure as a Percentage of total turnover		
D. TECHNOLOGY, ABSORPTION, ADAPTION AND INNOVATION :	2014-2015 (Rs.)	2013-2014 (Rs.)
a) Efforts, in brief, made towards technology Absorption, adaption and innovation		
b) Benefits derived as a result of the above	---	----
	2014-2015 (Rs.)	2013-2014 (Rs.)
c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	----	----
1. Technology import		
2. Year of import		
3. Has technology ben fully absorbed		
4. If not fully absorbed, areas where this has not Taken place, Reasoms there for and future Plans of action		
E. FOREIGN EXCHANGE EARNINGS AND OUTGO:	2014-2015 (Rs.)	2013-2014 (Rs.)
Activities relating to exports ; initiative taken To increase exports ;development of new Exports markets for products and services; and export plans;	---	---
Total Foreign Exchange used		
Total Foreign Exchange earned (F.O.B.)		

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

Place: Mumbai
Date : 30th May, 2015

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.21603.26 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. At present our company is only into trading activity and there is no manufacturing activity. In the meanwhile, company is getting the job work done from outside sources, so that there is no loss of turnover and profitability due to closure without compromising on the quality and security issues. The company has initiated necessary steps to re-commence production and the same is expected to start by end of 2015.

Expenditure increased from Rs. 19996.41 lacs. to Rs. 21462.26 Lacs

The paid-up equity share capital stood at Rs. 1681.47 lacs. The Earnings per Share were Rs. 0.65. 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. The Company's unsecured loans are Rs.25.07 lacs.

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

PHILOSOPHY ON CODE OF GOVERNANCE

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.

The Corporate Governance framework will encourage efficient use of resources and ensuring accountability for these resources. Its importance lays in the contribution it makes to the overall growth and direction of the business, management accountability and transparency and above all, equitable treatment for its stakeholders.

In sum, Corporate Governance reinforces the concept of "Your Company" and emphasis that the Chairman and the Board of Directors are your fiduciaries and trustee's engaged in pushing the business forward and maximizing the value for you, the shareholders.

CORPORATE GOVERNANCE

Your 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.

The report on Corporate Governance is divided in to five parts

1. Board of Directors
2. Committees of the Board
3. Disclosure
4. Means of Communication
5. Shareholder Information

I BOARD OF DIRECTORS

A. The details of the Board of Directors of the Company. Meeting held and attendance of the Directors are given below:

Name of Directors	Designation	Directorship in other public Limited Companies	Other Companies Committee	
			Membership	Chairperson
Mr. Lalit R. Tulsiani	Whole time Director	Nil	Nil	Nil
Mr. Mihir R. Ghatalia	Managing Director	1	Nil	Nil
Mr. Jagdish K. Shah	Chairman, Non Executive	Nil	Nil	Nil
Mr. Chetan K.Mehta	Director, Non Executive Independent	Nil	Nil	Nil
Mr. Satish M. Sheth	Director Non Executive Independent	Nil	Nil	Nil
Smt. Damiyanti P. Ghatalia	Woman Director	1	Nil	Nil

As required by the Companies Act, 1956 & Clause 49 of the Listing Agreement, none of the Directors hold Directorship in more than 15 public Companies, Membership of Board Committees (Audit/ Remuneration/Investor Grievance Committees) in excess of 5

B. REVIEW OF THE BOARD

The Board of Director's review in their Board Meeting matters relating to:

- ❖ Strategy and Business Plans
- ❖ Annual Operating and Capital Expenditure Budgets/
- ❖ Investments and Exposures limits
- ❖ Business risk analysis and control
- ❖ Senior Executive appointment
- ❖ Compliance with statutory/ regulatory requirements and review of major legal issues
- ❖ Adoption of quarterly results/ annual results
- ❖ Transactions pertaining to purchase, disposal of property, major provisions and write offs.

C. BOARD MEETINGS

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 7 days 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. Six Board Meetings were held during the year on 30/05/2014, 17/07/2014, 14/08/2014, 01/09/2014, 14/11/2014 and 14/02/2015, 27/03/2015.

Name of Directors	No. of Board Meeting Held	No. of Board Meeting attended	Attendance at last AGM
Mr. Lalit R. Tulsiani	7	7	Yes
Mr. Mihir R. Ghatalia	7	7	Yes
Mr. Jagdish K. Shah	7	7	Yes
Mr. Chetan K.Mehta	7	7	Yes
Mr. Satish M. Sheth	7	4	Yes
Smt. Damiyanti P Ghatalia (appointed as on 14/02/2015)	1	1	NA

D. CODE OF CONDUCT

The Board of Directors has adopted the code of conduct & responsibilities of the Board towards the Company in the Board Meeting.

II COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

The Composition of Audit Committee and attendance of members of the meetings are as under:

Name of Members	Category	Designation	No. of Meetings Attended
Mr. Mihir Rajesh Ghatalia	Promoter	Managing Director	4
Mr. Chetan K. Mehta	Non Executive Independent	Director	4
Mr. Jagdish Shah	Non Executive Independent	Chairman	4

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.

During the financial year the Audit Committee met 24/05/2014, 01/08/2014, 07/11/2014 & 07/02/2015.

B REMUNERATION COMMITTEE

Remuneration Committee reviews and approves the annual salaries, performance commission, service agreements and other employment conditions for Executive Directors. The Composition of the Remuneration Committee is as under.

Name of Members	Category	Designation
Mr. Chetan K. Mehta	Non-Executive - Independent	Chairman
Mr. Mihir R. Ghatalia	Managing Director	Member
Mr. Satish M. Sheth	Non-Executive - Independent	Member

Remuneration to Managing Director:

Name of Directors	Designation	Salary	Perquisite	Total (Rs.)	Service Contract
Mr. Mihir R. Ghatalia	Managing Director	300000.00	-	3,00,000.00	Re-appointed as Managing Director by the Board on 29 th December, 2012 for a period of 3 years w.e.f 31/12/2012 to 30/12/2015 subject to shareholders' approval

C. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

a. The Committee comprises of the following members

Name of the Director	Category	Designation
Mr. Mihir R. Ghatalia	Managing Director	Member
Mr. Lalit R. Tulsiani	Whole time Director	Member
Mr. Chetan K. Mehta	Non-Executive - Independent	Member
Mr. Jagdish K. Shah	Non-Executive - Independent	Chairman

b. Name & Designation of Compliance Officer:

Mrs. Sweta Poddar

Bhakti Residency, Flat 803, Plot No.6, Sector-11, Sanpada,
Navi Mumbai - 400 705. Tel/ Fax No: 022-2345 5543

c. Number of Shareholder Complaints received during the year: **18**

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

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

GENERAL BODY MEETINGS

Location and time of General Meetings held in last three years.

Year	AGM / EGM	Date	Time	Venue	Special Resolution
2014-15	AGM	20/09/14	11.30 A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	NO
2013-14	AGM	20/09/13	09.30 A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	YES
2012-13	AGM	29/09/12	09.00 A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	NO
2012-13	EOGM	13/06/12	09.00 A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	YES
2011-12	EOGM	02/05/11	09.00 A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	YES

of the above meetings. At the ensuing AGM there are no resolution proposed to be passed through postal ballot.

III DISCLOSURE

- a. 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.
- b. There were no pecuniary relationships or transactions of Non Executive Directors vis- a- vis the Company.

IV MEANS OF COMMUNICATION

The Annual and Quarterly results are submitted to the Stock Exchanges in accordance with the Listing Agreement.

V SHAREHOLDERS INFORMATION

1. ANNUAL GENERAL MEETING

- Date & Time : 25th September, 2015 at 9.30 a.m
- Venue : E-34, MIDC, Tarapur, Boisar
Thane - 401 506.

2. **Book Closure Date** : 22 September, 2015 to
24 September, 2015 (both days inclusive)

3. **Registered Office** : E-34, MIDC, Tarapur, Boisar
Thane - 401506.

4. **Equity Shares Listed** : The Bombay Stock Exchange Limited
The Stock Exchange, Ahmedabad
The Stock Exchange, Delhi

5. Stock Price Data & ISIN No :

The monthly high and low shares prices during the year at BSE are as under (**ISIN NO : INE198401019**)

MONTH	HIGH	LOW
April - 2014	12.70	10.40
May - 2014	15.89	10.00
June - 2014	14.90	13.00
July - 2014	22.70	13.03
August - 2014	17.35	13.90
September - 2014	19.95	15.20
October - 2014	22.70	14.00
November - 2014	18.55	14.00
December - 2014	15.74	13.15
January - 2015	18.25	13.31
February - 2015	17.75	14.65
March - 2015	17.50	13.25

6. **Registrar & Transfer Agents:**
LINK INTIME INDIA PVT LTD.
 C-13, Pannalal Silk Mills Compound,
 L. B. S. Marg, Bhandup (West), Mumbai - 400 078.

7. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2015

No. of Equity Shares Held Nos.	Shareholders		Share Amount (Rs)	
	Nos.	%	Rs.	%
1-500	4595	81.30	7314980	4.35
501-1000	517	9.15	3832350	2.28
1001-2000	248	4.39	3592830	2.14
2001-3000	83	1.47	2063800	1.23
3001-4000	37	0.65	131345	0.78
4001-5000	39	0.69	186093	1.11
5001-10000	51	0.90	402539	2.39
10001 & above	82	1.45	14414311	85.72
Total	5652	100.00	168146840	100.00

8. CATEGORY OF SHAREHOLDINGS AS ON 31.03.2015

Sr. No.	CATEGORY	DEMATED		PHYSICAL		TOTAL
		Shares	Holders	Shares	Holders	
1	Other Corporate Bodied	581980	81	21920	19	603900
2	Clearing Member	569951	45	0	0	569951
3	Non Resident Indian	25144	19	0	0	25144
4.	Non Resident (NON REPATRIABLE)	4070	7	0	0	4070
5.	Public	5304959	3299	652119	2173	5957078
6.	Promoters	6534541	7	0	0	6534541
7.	Promoter (Body Corporate)	3120000	2	0	0	3120000
	Total	16140645	3460	674039	2192	16814684

9. FINANCIAL RELEASE DATES FOR THE YEAR 2015-16

QUARTER RELEASE DATE	TENTATIVE AND SUBJECT TO CHANGE
1 ST Quarter ending 30 th June	Mid of August, 2015
2 nd Quarter ending 30 th September	Mid of November, 2015
3 rd Quarter ending 31 st December	Mid of February, 2016
4 th Quarter ending 31 st March	End on May, 2016

10. DEMAT POSITION AS ON 31.03.15

Total No. of Fully paid up shares	Shares in demat form	Percentage (%)	Shares in physical form	Percentage (%)
16814684	16140645	95.99%	674039	4.01%

11. The Company has no outstanding GDR/ Warrant and Convertible Bonds.

**Auditors' Certificate on Compliance of the conditions of Clause 49
of the Listing Agreement (Corporate Governance) for the year
ended 31st March, 2015**

To

The Member's of **M/S. AAREY DRUGS & PHARMACEUTICALS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Aarey Drugs & Pharmaceuticals Limited for the year ended 31.03.2015 , as stipulated in Clause 49 of the listing agreement of the said company with stock exchanges.

The Compliance condition of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof , adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Shareholders / Investors Grievance Committee.

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

For DMKH & Co.
Chartered Accountants,
FRN. No. 116886W

CA. Manish Kankani
Partner
M. No. 158020

Place: Mumbai

Date: 14th August, 2015

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

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) Satish M Sheth

Date: 30th May, 2015

Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of **AAREY DRUGS & PHARMACEUTICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principal generally accepted specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the Purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 Act the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

OTHER MATTERS

Report on Other Legal and Regulatory Requirements

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) The Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- 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 March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.
- f) 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 as referred to in Note No. vii (b) for Annexure to this report to the financial statements.
 - 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- Refer Note 8 to the financial statements;
 - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For DMKK & Co.
Chartered Accountants
FRN. No. 116886W

CA. MANISH KANKANI
Partner
M.No 158020

Place: Mumbai
Date: 30/05/2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of “Report on other Legal and Regulatory Requirements” of our report 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 state that: -

- i. a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) We have been informed that the fixed assets of the Company have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
- ii. a) As explained to us, inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of Inventories referred to in 2(a) above followed by the management, are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of inventories. As per the information and explanation provided to us and having regard to the size of the company, no material discrepancies were noticed on physical verification of inventory as compared to book records.
- iii. a) According to the information and explanations given to us and on the basis of examination of the books of account by us, the company has not granted loan to parties covered in the Register maintained under section 189 of the Companies Act, 2013.
- b) The Company has not granted any loan, accordingly, the clause (iii) (b) of the order is not applicable to the company for the year.
- iv. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to the purchase of inventory, fixed assets and sale of goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any Deposits from any party, therefore following provisions of Companies Act Sec 73 to 76 and rules made there under and permission of Reserve Bank of India, the question does not arise.
- vi. The maintenance of cost records is not prescribed for the company by the central government under sub-section (1) of sec 148 of the Companies Act, 2013. Therefore the company has not maintained any cost records during the year.
- vii. a) According to the information and explanation given to us the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable **Except in case of deduction and depositing of Professional tax of Company.**
- b) According to the information and explanation given to us, no undisputed amount payable in respect of income tax, customs duty, wealth tax, service tax, excise duty and cess were in arrears, as at 31st March, 2015 for a period of more than six months from the date they became payable other than following:-

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount related	Forum where dispute pending
Income Tax Act, 1961	Income Tax	Rs.40,89,668/-	A.Y. 2000-01	ITAT Mumbai
Income Tax Act, 1961	Income Tax	Rs. 8,25,618/-	A.Y. 2001-02	ITAT Mumbai
Income Tax Act, 1961	Income Tax	Rs. 2,11,548/-	A.Y. 2002-03	ITAT Mumbai
Income Tax Act, 1961	Income Tax	Rs.67,41,220/-	A.Y. 2007-08	CIT(A) Mumbai
Income Tax Act, 1961	Income Tax	Rs.32,89,260/-	A.Y. 2008-09	CIT(A) Mumbai
Income Tax Act, 1961	Income Tax	Rs. 2,63,960/-	A.Y. 2009-10	CIT(A) Mumbai
Income Tax Act, 1961	Income Tax	Rs. 16,03,320/-	A.Y. 2010-11	CIT(A) Mumbai
Income Tax Act, 1961	Income Tax	Rs. 25,56,440/-	A.Y. 2011-12	ITAT Mumbai

c) The amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956(1 of 1956) and rules made there under has been transferred to such fund within time.

- viii. The Company does not have any accumulated loss during the financial year covered by our audit.
- ix The Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- x. According to the information given to us, the company has not given any guarantee for others for loans taken by them from banks and financial institutions.
- xi. There are no term loans taken by the company, therefore the question of applying the loans for the purpose for which loans taken does not arise.
- xii Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For DMKH & Co.
Chartered Accountants,
FRN.No. 116886W

CA. MANISH KANKANI
Partner
M.No. 158020

Place: Mumbai

Date : 30/05/2015

BALANCE SHEET AS AT 31st MARCH, 2015

PARTICULARS	Note No.	As at 31.03.2015	As at 31.03. 2014
		(In ₹)	(In ₹)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	168,146,840	168,146,840
(b) Reserves and surplus	3	185,943,779	177,065,472
		354,090,619	345,212,312
2 Non-current liabilities			
(a) Long-term borrowings	4	-	142,011
(b) Deferred tax liabilities		-	-
(c) Other long-term liabilities		-	-
(d) Long-term provisions		-	-
		-	142,011
3 Current liabilities			
(a) Short-term borrowings	5	110,198,936	57,015,828
(b) Trade payables	6	671,438,207	640,807,157
(c) Other current liabilities	7	2,836,594	15,362,574
(d) Short-term provisions	8	10,929,057	10,349,216
		795,402,795	723,534,774
TOTAL		1,149,493,414	1,068,889,097
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	58,922,693	43,845,467
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	3,304,376
(iv) Intangible assets under development		-	-
(v) Fixed assets held for sale		-	-
		58,922,693	47,149,843
(b) Non-current investments	10	4,400,000	4,400,000
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	11	-	88,629
(e) Other non-current assets	12	313,526	627,053
		4,713,526	5,115,682
2 Current assets			
(a) Current investments			
(b) Inventories	13	41,663,895	51,307,892
(c) Trade receivables	14	667,130,597	648,505,433
(d) Cash and cash equivalents	15	1,715,110	8,488,188
(e) Short-term loans and advances	16	15,916,884	39,530,489
(f) Other current assets	17	359,430,709	268,791,569
		1,085,857,195	1,016,623,572
TOTAL		1,149,493,414	1,068,889,097

Significant Accounting Policies
1
The accompanying notes are an integral part of the financial statements
FOR DMKH & CO.,
For AAREY DRUGS & PHARMACEUTICALS LTD
Chartered Accountants

Firm Registration No. : 116886W

CA. MANISH KANKANI
Partner
JAGDISH K SHAH
Chairman
MIHIR R. GHATALIA
Managing Director
CHETAN K. MEHTA
Director

M.No. 158020

Place : MUMBAI

 Date : 30th May, 2015

RAJESH P GHATALIA
Chief Financial Officer
SWETA PODDAR
Company Secretary

Place : MUMBAI

 Date : 30th May, 2015

PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2015

PARTICULARS	Note No.	For year ended	For year ended	
		31 March, 2015	31 March, 2014	
		(In ₹)	(In ₹)	
A CONTINUING OPERATIONS				
1	Revenue from operations (gross)	18	2,134,414,270	1,997,250,454
2	Other income	19	25,911,334	15,800,683
3	Total revenue		2,160,325,604	2,013,051,137
4	Expenses			
	(a) Cost of Goods Sold	20	2,102,666,335	1,963,366,167
	(b) Employee benefits expense	21	2,584,279	4,149,502
	(c) Finance costs	22	14,853,750	9,453,875
	(d) Depreciation and amortisation expense	9	10,533,226	6,219,701
	(e) Other expenses	23	15,588,157	16,451,666
	Total expenses		2,146,225,747	1,999,640,910
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		14,099,857	13,410,227
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 + 6)		14,099,857	13,410,227
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 + 8)		14,099,857	13,410,227
10	Tax expense:			
	(a) Current tax expense for current year		3,127,665	2,989,010
	(b) (Less): MAT credit (where applicable)		88,629	-88,629
	(c) Current tax expense relating to prior years		-	-
	(d) Net current tax expense		-	-
	(e) Deferred tax		-	-
			3,216,293	2,900,382
11	Profit / (Loss) for the year (9 - 10)		10,883,564	10,509,845
12	Earnings per share (of Rs. 10/- each) :			
	(a) Basic		0.65	0.63
	(b) Diluted		0.65	0.63
The accompanying notes are an integral part of the financial statements				1

FOR DMKH & CO.,
Chartered Accountants
Firm Registration No. : 116886W

For AAREY DRUGS & PHARMACEUTICALS LTD

CA. MANISH KANKANI
Partner

JAGDISH K SHAH
Chairman

MIHIR R. GHATALIA
Managing Director

CHETAN K. MEHTA
Director

M No. 158020

Place : MUMBAI

Date : 30th May, 2015

RAJESH P GHATALIA
Chief Financial Officer

SWETA PODDAR
Company Secretary

Place : MUMBAI

Date : 30th May, 2015

ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS**NOTE 1:****SIGNIFICANT ACCOUNTING POLICIES:****(a) Corporate Information**

Nature of Business Activity:

Trading in Chemical Products, Solvent, and Drugs Intermediates etc.

(b) Basis of Preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 2013 ("the Act"). The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(d) Revenue recognition

All incomes and expenditure are recognized as per 'Accounting Standard- 9' accounted on accrual basis except where stated otherwise.

(e) Fixed Assets**(i) Tangible Assets**

Tangible assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition price. Borrowing costs directly attributable to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase be put to use.

(ii) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a basis which is estimated to be the useful life of the asset.

(f) Depreciation

Depreciation has been provided on Written down value Method at the rates and in the manner as prescribed in Schedule II of the Companies Act, 2013 as per useful life of assets from the date assets have been put to use.

(g) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances

indicate that the carrying amount may not be recoverable. An impairment loss is recognized in accordance with Accounting Standard-28 "Impairment of Assets", for the amount by which the asset's carrying amount exceeds its recoverable amount as on the carrying date. The recoverable amount is higher of the asset's fair value less costs to sell vis-à-vis value in at the lowest levels for which there are separately identifiable cash flows.

(h) Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is of a permanent nature.

Current investments are carried individually, at the lower of cost and fair value. Costs of investments include acquisition charges such as brokerage, fees and duties.

(i) Inventories

Inventories are valued at cost or net realizable value whichever is lower.

(j) Taxation

Provision for current tax is made as per the provisions of the Income-tax Act, 1961.

Deferred tax for the year is recognized on timing difference, being the difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future, however when there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

(k) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

(l) Retirement Benefits

Liabilities in respect of bonus, gratuity, retirement benefit & leave encashment is being accounted for on cash basis.

(m) Earnings per share

The earnings considered in ascertaining the company's EPS comprise of the net profit after tax as per Accounting Standard 20 on "Earnings Per Share", issued by the Institute of Chartered Accountants of India. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

(n) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE 2: SHARE CAPITAL

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number of Shares	(In ₹)	Number of shares	(In ₹)
((a)Authorised: 17,000,000 Equity Shares of Rs. 10/- each (Previous year 17,000,000 Equity Shares of Rs 10/- each)	17,000,000	170,000,000	17,000,000	170,000,000
(b) Issued, subscribed and fully paid-up shares: 16,814,684 Equity Shares of Rs. 10/- each fully paid up (Previous Year 16,814,684 Equity Shares of Rs. 10/- each)	16,814,684	168,146,840	16,814,684	168,146,840
Total Issued, subscribed and fully paid-up shares	16,814,684	168,146,840	16,814,684	168,146,840

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

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number of Shares	(In ₹)	Number of shares	(In ₹)
Equity Shares At the beginning of the year	16,814,684	168,146,840	16,814,684	168,146,840
Bonus Issue during the year *	-	-	-	-
Outstanding at the end of the year	16,814,684	168,146,840	16,814,684	168,146,840

*In Previous year Company has issued 2,802,448 number of fully paid up Equity shares of Rs. 10 each allotted as fully paid up pursuant to contract(s) without payment being received in cash

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

Name of the shareholder	As at 31.03.2015		As at 31.03.2014	
	No of Shares	% Share-holding	No of shares	% Share-holding
BINARAJESH GHATALIA	1,800,720	10.71	1,800,720	10.71
DAMYANTI PRANLAL GHATALIA	1,387,544	8.25	1,387,544	8.25
MIHIR RAJESH GAHTALIA	2,820,888	16.78	2,820,888	16.78
SURAJ TRADELINKS PVT LTD	1,560,000	9.28	1,560,000	9.28
NIMIT IMPEX PRIVATE LIMITED	1,560,000	9.28	1,560,000	9.28
TOTAL [5% & above]	9,129,152	54.30	9,129,152	54.30

(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.

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE 3: RESERVES AND SURPLUS

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
(a) Capital reserve		
Opening balance	2,000,000	2,000,000
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	2,000,000	2,000,000
(b) Securities premium account		
Opening balance	107,153,060	107,153,060
Add : Premium on shares issued during the year	-	-
Less: Utilised during the year	-	-
Issuing of fully paid up Bonus Shares	-	-
Closing balance	107,153,060	107,153,060
(c) Surplus / (Deficit) in Statement of Profit and Loss Opening balance	67,912,412	57,402,567
Less: Adjustment relating to Fixed Assets	(2,005,257)	-
Add: Profit / (Loss) for the year	10,883,564	10,509,845
Less: Profit / (Loss) transfer to Genral Reserve	-	-
Closing balance	76,790,719	67,912,412
Total	185,943,779	177,065,472

NOTE 4 - LONG TERM BORROWINGS

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
(a) Other Loans & Advances		
Secured	-	-
Unsecured	-	-
Kotak Mahindra Bank Limited	-	142,011
Total	-	142,011

NOTE 5 - SHORT TERM BORROWINGS

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
(a) Loans and advances from related parties		
Unsecured		
From Directors	-	-
From Others	2,365,241	446,383
	2,365,241	446,383
(b) Other loans and advances		
Secured		
State Bank Of Patiala*	-	55,018,168
Dena Bank*	107,691,685	-
Unsecured		
Kotak Mahindra Bank Limited	142,010	1,551,277
	107,833,695	56,569,445
Total	110,198,936	57,015,828

* 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- 6 TRADE PAYABLE

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
Trade payables:		
For Goods	664,432,969	640,807,157
For Expenses	7,005,238	-
Total	671,438,207	640,807,157

NOTE-7 OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
Statutory & Other Remittances		
(a) Employees Profession Tax Payable	2,650	
(b) T.D.S. Payable	164,457	262,533
(c) Advance from Customers	2,639,149	14,735,056
(d) Service Tax Payable*	30,338	364,985
Total	2,836,594	15,362,574

*Service Tax Payable Calculated on the basis of reverse charge Mechanism on amount paid to Transporter

NOTE-8 SHORT TERM PROVISIONS

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
Provision - Others:		
(i) Provision for Income tax	9,114,145	8,889,120
(ii) Provision for Expenses	1,814,912	1,460,096
	10,929,057	10,349,216

NOTE-10 NON CURRENT INVESTMENT

Particulars	As at 31.03.2015					As at 31.03.2014				
	Quoted		Unquoted		Total	Quoted		Unquoted		Total
	No. of Shares	(In ₹)	No. of Shares	(In ₹)		No. of Shares	(In ₹)	No. of Shares	(In ₹)	
A Other investments										
a) Investment in equity instruments										
(i) Shares of Transmedia Software Ltd	-	-	40,000	4,000,000	4,000,000	-	-	40,000	4,000,000	4,000,000
(b) Plot At Kankavali				400,000	400,000				400,000	400,000
Aggregate Amt.	-	-		4,400,000	4,400,000	-	-		4,400,000	4,400,000


Notes 9 : FIXED ASSETS

A. Tangible assets	Gross block					Accumulated depreciation and impairment				Net block	
	Balance as at 31.4.2014	Additions	Unamortised carrying Value	Borrowing cost capitalised	Other adjust-ments	Balance as at 31.3.2015	Depreciation as at 1.4.2014	Unamorti- sed carrying Value	Balance as at 31.3.2015	Balance as at 31.3.2015	Balance as at 31.4.2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land	2,243,546	-	-	-	-	2,243,546	226,620	-	226,620	2,016,926	2,016,926
Factory Building	25,689,868	4,055,876	-	-	-	29,755,744	18,680,873	1,031,164	19,712,036	10,043,708	7,018,995
Plant & Machinery	109,653,035	22,750,535	-	-	-	132,403,570	75,547,092	1,969,230	86,664,209	45,739,361	34,057,796
Electronic Equipments	511,235	32,857	-	-	-	544,092	362,105	35,697	412,244	131,848	121,957
Furniture	44,519	625,243	-	-	-	669,762	42,440	(147)	103,528	566,234	2,079
Computer	544,098	24,086	-	-	-	568,184	431,532	73,339	498,428	69,756	112,566
Motor Car	1,120,871	-	-	-	-	1,120,871	813,723	113,051	926,774	194,097	307,148
Laboratory Equipment	139,056	-	-	-	-	139,056	103,929	-	132,103	6,952	35,126
Air Condition	114,320	127,112	-	-	-	241,432	16,766	-	87,619	153,813	97,554
Total	140,070,547	27,615,709	-	-	-	167,686,256	96,225,080	10,533,226	108,763,563	58,922,693	43,770,148
Previous year	130,787,040	9,283,507	-	-	-	140,070,547	90,005,379	6,219,701	96,225,080	43,845,467	40,781,662
CAPITAL WORK-IN-PROGRESS											
	Balance as at 1.4.2014	Additions	Transfer to Fixed Assets during the year	Borrowing cost capitalised	Other adjust-ments	Balance as at 31.3.2015	Depreciation as at 1.4.2014	Unamorti- sed carrying Value	Balance as at 31.3.2015	Balance as at 31.3.2015	Balance as at 31.4.2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Capital WIP Building	3,304,376	-	3,304,376	-	-	-	-	-	-	-	3,304,376
Total	3,304,376	-	3,304,376	-	-	-	-	-	-	-	3,304,376
Previous year	3,304,376	-	-	-	-	3,304,376	-	-	-	-	3,304,376

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE- 11 LONG TERM LOANS & ADVANCES

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
(a) MAT Credit Entitlement Less: Written Off	88,629 (88,629)	88,629
Total	-	88,629

NOTE- 12 OTHER NON CURRENT ASSETS

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
(a) Miscellaneous Expenditure (Related to right issue) Less: Current Year Written Off	627,053 313,527	940,580 (313,527)
Total	313,526	627,053

NOTE- 13 INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
(a) Stock-in-trade	41,663,895	51,307,892
(b) Stores & Spares	-	-
(c) Finished Goods	-	-
Total	41,663,895	51,307,892

NOTE- 14 TRADE RECEIVABLE

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	35,575,182	10,079,356
Doubtful	-	-
	35,575,182	10,079,356
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	631,555,415	638,426,077
Doubtful	-	-
	631,555,415	638,426,077
Total	667,130,597	648,505,433

NOTE- 15 CASH & CASH EQUIVALENTS

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
(a) Cash on hand	1,031,609	7,725,880
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	29,748	108,556
(ii) In deposit accounts	653,753	653,753
Total	1,715,110	8,488,189

NOTE- 16 SHORT TERM LOANS & ADVANCES

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
(a) Loans and advances to related parties	-	25,172,364
	-	25,172,364
(b) Loans and advances to others	400,000	460,500
	400,000	460,500
(c) Balances with government authorities	14,312,314	12,703,055
	14,312,314	12,703,055
(d) Security Deposit		
Unsecured, considered good		
Deposit with BSE	-	-
Other Deposits	1,204,570	1,194,570
	1,204,570	1,194,570
Total	15,916,884	39,530,489

NOTE- 17 OTHER CURRENT ASSETS

Particulars	As at 31.03.2015 (In ₹)	As at 31.03.2014 (In ₹)
(a) Advance to suppliers for Goods	325,080,948	108,390,727
(b) Advance towards Expenses	34,349,760	125,461,055
Total	359,430,709	233,851,782

NOTE- 18 INCOME FROM OPERATIONS

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Sale of Traded Goods	2,134,414,270	1,997,250,454
Total	2,134,414,270	1,997,250,454

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE- 19 OTHER INCOME

(In ₹)

(In ₹)

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
(a) Interest income		
Interest from Bank on Other Balance	-	154,806
Interest on loans and advances	23,832,110	12,720,094
Interest on late payment	443,714	1,212,524
(b) Commission received	593,024	383,162
(c) Storage received	464,659	797,843
(d) M-VAT Receivable	437,092	493,755
(e) Misc.Income	140,735	38,500
Total	25,911,334	15,800,683

NOTE-20 COST OF GOODS SOLD

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
(a) Opening Stock	51,307,892	75,183,374
Add: Purchases	2,087,073,086	1,921,457,520
Add: Direct Expenses	5,949,252	18,033,164
	2,144,330,230	2,014,674,059
Less: Closing Stock	41,663,895	51,307,892
Cost of Goods Sold	2,102,666,335	1,963,366,167
Total	2,102,666,335	1,963,366,167

DIRECT EXPENSES

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Factory Expenses	87,700	733,950
Carriage Inwards	3,828,573	3,548,984
Power & Fuel	-	4,990,244
Loading & unloading charges	-	798,875
Custom Duty	1,226,981	4,702,071
Storage Expenses	662,567	1,259,485
Sales Tax expenses	143,432	1,999,555
Total	5,949,252	18,033,164

NOTE- 21 EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
(a) Salaries and wages	2,209,923	4,036,483
(b) Staff Welfare Expenses	374,356	113,019
	2,584,279	4,149,502

NOTE- 22 FINANCE COSTS

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Bank Interest	11,400,609	8,111,950
Other Interest	905,915	954,619
Bank Charges	2,547,226	387,306
	14,853,750	9,453,875

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE-23 OTHER EXPENSES

(In ₹)

(In ₹)

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Security Services Charges	390,000	378,000
Conveyance	90,794	142,835
Electricity Charges	310,244	212,298
Custodial Fees	65,630	60,000
Rent Rate & Taxes	2,688,797	2,615,089
Brokerage and Commission Expenses	1,973,396	4,159,310
Legal & Professional Charges	1,495,242	1,002,516
Motar Car Expenses	516,677	899,055
Printing & Stationary Exps.	56,570	51,241
Audit Fees	123,596	117,978
Communication Expenses	296,421	267,368
Repairs & Maintenance	1,099,007	592,144
Travelling Exps.	899,760	223,866
Insurance Exps.	121,405	35,916
Donation Expenses	51,000	57,601
RTA Expenses	54,438	80,500
Sales Promotion Expenses	465,721	645,984
Advertisement Expenses	41,800	34,300
Carriage Outward Expenses	4,049,509	3,405,624
Entertainment Expenses	51,979	4,642
Miscellaneous Expenses	311,536	728,026
Office expenses	121,108	423,846
Rght Issue expenses Written Off	313,527	313,527
Total	15,588,157	16,451,665

Note 23 Other expenses (contd.)

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	67,416	56,180
For taxation matters	33,708	28,090
For company law matters		-
For management services		-
For other services	22,472	33,708
Reimbursement of expenses		-
Total	123,596	117,978

NOTES TO ACCOUNTS:

24. Balances of Trade Receivables, Loans and Advances, Secured Loans, Trade Payables & Others are subject to confirmation and reconciliation and consequential adjustments, if any.
25. In the opinion of the Board & to the best of their knowledge & belief the value of realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet & the provisions for all the loans & determined liabilities is adequate and not in excess of the amount stated in balance sheet.
26. According to a technical assessment carried out by the Company, there is no impairment in the carrying cost of cash generating units of the Company in terms of Accounting Standards issued by The Institute of Chartered Accountants of India.
27. The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid/payable as required under the said Act have not been made.

28. Earnings Per Share (AS-20) :

The Earning Per Share computed as per the requirement under Accounting Standard 20 on Earning Per Share issued by The Institute of Chartered Accountant of India, is as under:

	2014-2015 (In ₹)	2013-2014 (In ₹)
Profit Attributable to Equity Share Holders (After Tax)	1,08,83,564	10,509,845
Weighted Average Number of Equity Share (Nos.)	16,814,684	16,814,684
Basic/ Diluted Earnings Per Share	0.65	0.63
Diluted Earnings Per Share	0.65	0.63
Face Value per Equity Share	10.00	10.00

29. Deferred Tax Assets/(Liability) :

The Company has not provided Deferred Tax Liabilities for the year, amounting to Rs. 1,02,69,899/- resulting in overstatement of Reserve and Surplus by the said amount, which is not in conformity with Accounting Standard 22 on "Accounting on Taxes on Income" issued by the Institute of Chartered Accountant of India.

30. The Company has not provided depreciation in the financial year 2001 to 2004 and has provided excess depreciation later on resulting in the Reserved & Surplus being overstated by Rs. 3,901,085/-.

31. Related Party Transaction :

Related Parties and Nature of Relationship:

Related Party	Nature of Relationship
Mihir R. Ghatalia	Managing Director
Jagdish K. Shah	Chairman
Chetan K. Mehta	Director
Lalit R. Tulsiani	Whole - Time Director
Satish M. Sheth	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.
Suraj Tradelinks Pvt. Ltd.	Concern in which relatives of MD are substantially interested
Shalimar Chemical Industries Pvt. Ltd.	Company in which director are substantially interested
Enam Organic India Ltd	Company in which director are substantially interested

Note: Related Parties as disclosed by the management and relied upon by auditors.

Related Party Transaction

Particulars	Companies in which Directors are substantially interested	Key Management Personnel	Relative of Key Management Personnel & Others
Remuneration	-	3,00,000	-
Rent Paid	-	9,96,000	1,080,000
<u>Loan Transactions</u>			
Gross Loans Taken	85,000	38,60,049	-
Gross Loans Repaid	3,900	72,67,497	-
Credit Balance as on 31.03.2015	81,100	21,01,886	-
Gross Loans Given	-	-	75,000
Gross Amount Receive	-	-	2,00,000
Debit Balance as on 31.03.2015	-	-	1,82,255

32. Segment Information (AS-17)

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

AS PER OUR REPORT OF EVENT DATE
FOR AND ON BEHALF OF THE BOARD

FOR DMKH & CO.,
Chartered Accountants
 Firm Registration No. : 116886W

For AAREY DRUGS & PHARMACEUTICALS LTD

CA. MANISH KANKANI
Partner
 M No. 158020
 Place : MUMBAI
 Date : 30th May, 2015

JAGDISH K SHAH
Chairman

RAJESH P GHATALIA
Chief Financial Officer

MIHIR R. GHATALIA
Managing Director

SWETA PODDAR
Company Secretary

CHETAN K. MEHTA
Director

Place : MUMBAI
 Date : 30th May, 2015

Cash Flow Statement for the year ended 31 March, 2015

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	(In ₹)	(In ₹)	(In ₹)	(In ₹)
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax	14,099,857		13,410,227	
<i>Adjustments for:</i>				
Misc. Expenditure written off	313,527		313,527	
Depreciation and amortization	10,533,226		6,219,701	
Finance costs	14,853,750	39,800,360	9,453,875	29,397,330
Operating profit / (loss) before working capital changes		39,800,360		29,397,330
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	9,643,997		23,875,482	
Trade receivables	(18,625,164)		15,551,803	
Short-term loans and advances	23,613,605		(23,885,620)	
Other current assets	(90,639,140)		(34,939,787)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Short-term borrowings	53,183,109		10,102,363	
Trade payables	30,631,050		(36,464,851)	
Other current liabilities	(12,525,980)		13,621,557	
Short-term provisions	(2,547,824)	(7,266,346)	(1,476,330)	(33,615,382)
		32,534,015		(4,218,053)
Cash flow from extraordinary items		-		-
Cash generated from operations		32,534,015		(4,218,053)
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) operating activities (A)		32,534,015		(4,218,053)
B. Cash flow from investing activities				
Fixed Assets Purchase	(24,311,333)		(9,283,507)	
Sale proceed from Investments	-		27,900,000	
Investment in Companies	-	(24,311,333)	-	18,616,493
Cash flow from extraordinary items		-		-
		(24,311,333)		18,616,493
Net cash flow from / (used in) investing activities (B)		(24,311,333)		18,616,493
C. Cash flow from financing activities				
Proceeds from long-term borrowings	(142,011)		(1,551,278)	
Finance cost	(14,853,750)		(9,453,875)	
		(14,995,761)		(11,005,153)
Cash flow from extraordinary items		-		-
Net cash flow from / (used in) financing activities (C)		(14,995,761)		(11,005,153)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(6,773,079)		3,393,288
Cash and cash equivalents at the beginning of the year		8,488,189		5,094,901
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		1,715,110		8,488,189
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet		1,715,110		8,488,188
Less: Bank balances not considered as Cash and cash equivalents		-		-
Net Cash and cash equivalents		1,715,110		8,488,189
Add: Current investments considered as part of Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year *		1,715,110		8,488,189
* Comprises:				
(a) Cash on hand		1,031,609		7,725,880
(c) Balances with banks				
(i) In current accounts		29,748		108,556
(ii) In earmarked accounts		653,753		653,753
		1,715,110		8,488,189

FOR DMKH & CO.,
Chartered Accountants

Firm Registration No. : 116886W

CA. MANISH KANKANI
Partner

M No. 158020

Place : MUMBAI

 Date : 30th May, 2015

JAGDISH K SHAH
Chairman
RAJESH P GHATALIA
Chief Financial Officer
For AAREY DRUGS & PHARMACEUTICALS LTD
MIHIR R. GHATALIA
Managing Director
SWETA PODDAR
Company Secretary
CHETAN K. MEHTA
Director

Place : THANE

 Date : 30th May, 2015

 **Aarey DRUGS & PHARMACEUTICALS LTD.**

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

ATTENDANCE SLIP

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

I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company at E-34, MIDC, Tarapur, Boisar, Dist. Thane. On September 25, 2015 At 9.30 A.M.

Folio No _____

DP ID No.*

Client ID No.*

Full Name of the Shareholder _____ Signature _____

(in block letters)

Full Name of the Proxy _____ Signature _____

* Applicable for Investors holding shares in Electronic Forms.

----- Tear Here -----

 **Aarey DRUGS & PHARMACEUTICALS LTD.**

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

PROXY FORM

DP ID 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 Fifth Annual General Meeting of the Company to be held on September 25, 2015 at 9.30 A.M. at E-34 , MIDC , Tarapur , Boisar , Dist. Thane on and at any adjournment thereof.

Signed this _____ day of _____ 2015.

Reference Folio No. _____

No. of Shares held _____

Affix
Re 1/-
Revenue
Stamp

*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.

BOOK - POST

To,

If undelivered please, return to :

Aarfy DRUGS & PHARMACEUTICALS LTD.

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