



Aarey

DRUGS & PHARMACEUTICALS LTD.

**24th Annual Report
2013 - 2014**

BOARD OF DIRECTORS

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

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.

BANKERS

STATE BANK OF PATIALA
Seepz++,
Andheri (East) Branch
INDIAN OVERSEAS BANK
Vile Parle (East) Branch &
Mumbai, Mandvi-Branch
CANARA BANK
Vile Parle (East) Branch
Punjab National Bank Ltd
Mumbai, Mandvi-Branch

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 FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON 20TH SEPTEMBER, 2014 AT E-34, MIDC, TARAPUR, BOISAR, DIST. THANE AT 11.30 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, 2014, 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, 2014, 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. Lalit R Tulsiani, who retires by rotation and, being eligible, offers himself for reappointment.
“**RESOLVED THAT** Mr. Lalit R Tulsiani 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 next 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 next Annual General Meeting and that the Board of Directors are be and hereby authorized to fix their remuneration.

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, 2014
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 16th September'2014 to 19th September'2014 (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, LBS 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. Lalit R Tulsiani
2.	Age	56yrs
3.	Date of Appointment	02.12.2004
4.	Qualification	Mechanical Engineer
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 24th AGM alongwith Attendance slip and Proxy form, is being send by electronic mode to all the shareholders whose email address are registered with the Company/ Depository Participant unless a member has requested for a hard copy of the same. For members who have not registered their email address, physicals copies have been send through permitted mode. Members are requested to bring their copy of the Annual Report at the meeting.

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 24th Annual General Meeting of the Company on 20th September, 2014. 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 first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 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 / the 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 15, 2014 (9:00 a.m. onwards) and ends on September 17, 2014 (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 22nd August, 2014, 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 as Scrutinizer to scrutinize the evoting process in a fair and transparent manner.
- (xix) The Scrutinizer shall within a period not exceeding two days from the conclusion of evoting period unblock the votes in the presence of two witnesses not in employment of the Company and make scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the Company.
- (xx) The Results shall be declared on or after the AGM of the Company. The Result declared alongwith the Scrutinizer's Report shall be placed on the Company website at www.aareydrugs.com within two days of passing of the resolutions of the AGM and communicated to BSE Limited.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

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, 2014
Place : Mumbai

DIRECTORS REPORT

To,
The Shareholders,
Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with Audited Accounts for the year-ended 31st March, 2014.

FINANCIAL RESULTS:

Particular	(In ₹)	(In ₹)
	31 st March' 2014	31 st March' 2013
Income	2013051137.00	1725120473.00
Expenditure	1999640910.00	1716095267.00
(Loss)/ Profit Before Exceptional Item & Tax	13410227.00	9025206.00
Profit Before Tax	13410227.00	9025206.00
(Less)/ Add: Tax Expenses	(2900382.00)	(2442690.00)
Balance Carried To Balance Sheet	10509845.00	6582517.00

REVIEW OF OPERATIONS & FUTURE OUTLOOK

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

DEMERGER: The Company is in process of demerger of its DEF Division, i.e. business of Acetic Acid, Butyl Acryl Monomer, Tolune and Vinaly Acitate Monomer, with Enam Organics India Limited under Clause 24(f) of the listing agreement under the scheme of Arrangement for Demerger u/s 391 to 394 of the Companies Act, 1956. The Company has already filed an application for the same with BSE on 3rd December, 2013.

DIVIDEND

Your directors do not recommend any dividend for the year ended 31st March, 2014.

DEPOSITS

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

DIRECTOR

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

DIRECTORS RESPONSIBILITY STATEMENT

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:

- i) that in preparation of the Annual Accounts for the year ended 31st March, 2014, 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, 2014 and the profit/(Loss) of the Company for the year under review;
- iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts for the year ended 31st March, 2014 have been prepared on a "going concern basis"

AUDITORS

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

AUDIT COMMITTEE

The Company has formed the Audit Committees as per Section 292A of the Companies Act, 1956. The Members of the Committees are experts in finance matters, company law and general business practice.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is produced as a part of the Annual Report along with the Auditors statement on its compliance.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information in accordance with the provisions of Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in annexure and forms part of this report.

EMPLOYEES:

There were no employees coming under the purview of Section 217(2A) of the Companies Act, 1956 and the rules frame there under.

DISCLOSURE UNDER SECTION 274

None of the Directors of the company are disqualified for being appointed as Directors as specified under section 274 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000.

ACKNOWLEDGEMENTS

Your Directors wish to place on record, the appreciation for the continued support of the customers, Bankers and Suppliers. Your Directors acknowledge and thank the employees for their valuable contribution and involvement.

For and on behalf of the Board of Directors

Jagdish K.Shah
CHAIRMAN

Place: Mumbai
Date : 30th MAY, 2014

ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE-"1"

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	2013-2014	2012-2013
(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	665366 .00	8050.00
Units per ltr. Of fuel oil / gas	6.65	----
Cost / Unit	7.50	5.45
(iii) Coal		
Quantity (tones)	---	---
Total Cost		
Average rate		
(iv) Furnance Oil / Diesel		
Quantity (m.t.)	100.00	----
Total Amount (Rs.)	4990244.00	40250.00
Average rate (Rs.)	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 :	2013-2014	2012-2013
	(Rs.)	(Rs.)
a) Capital	---	---
b) Recurring	---	---
Total		
c) Total R&D Expenditure as a Percentage of total turnover		
D. TECHNOLOGY, ABSORPTION, ADAPTION AND INNOVATION :	2013-2014	2012-2013
	(Rs.)	(Rs.)
a) Efforts, in brief, made towards technology Absorption, adaption and innovation		
b) Benefits derived as a result of the above	---	----
	2013-2014	2012-2013
	(Rs.)	(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 been fully absorbed		
4. If not fully absorbed, areas where this has not Taken place, Reasons there for and future Plans of action		
E. FOREIGN EXCHANGE EARNINGS AND OUTGO:	2013-2014	2012-2013
	(Rs.)	(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, 2014

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. 20130.51 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 2014.

Expenditure increased from Rs. 17160.95 lacs. to Rs. 19996.41 Lacs

The paid-up equity share capital stood at Rs. 1681.47 lacs. The Earnings per Share were Rs. 0.63. 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. 21.40 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 Independent	Nil	Nil	Nil
Mr. Chetan K.Mehta	Director, Non Executive Independent	Nil	Nil	Nil
Mr. Satish M. Sheth	Director	Nil	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 7days of the date of Board Meeting. It also highlights important matters discussed at the Audit Committee, Share Transfer Committee & Investor Grievance Committee of the Board. Four Board Meetings were held during the year on 30/05/2013, 13/08/2013, 28/08/2013, 03/11/2013, 14/11/2013, 30/11/2013 and 14/02/2014.

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	6	Yes

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	Managing Director	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 24/06/2013, 30/09/2013, 27/11/2013 & 30/03/2014.

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
Mr. Lalit R. Tulsiani	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 so far : **7**

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
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 : 20th September, 2014 at 11.30 a.m
- Venue : E-34, MIDC, Tarapur, Boisar
Thane - 401 506.

2. Book Closure Date : 16 September, 2014 to
19 September, 2014 (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 2013	15.40	12.40
May -2013	19.26	12.55
June 2013	21.75	18.20
July-2013	17.85	10.10
August-2013	10.65	9.20
September-2013	14.97	9.78
October-2013	12.68	9.02
November-2013	15.37	10.67
December-2013	13.99	12.25
January-2014	14.99	12.11
February-2014	13.49	11.04
March-2014	13.40	9.44

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

7. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2014

No. of Equity Shares Held Nos.	Shareholders		Share Amount (Rs)	
	Nos.	%	Rs.	%
1-500	4474	82.70	689110	4.10
501-1000	464	8.58	3295200	1.96
1001-2000	202	3.73	2898240	1.73
2001-3000	77	1.42	1918540	1.14
3001-4000	30	0.56	1063470	0.63
4001-5000	28	0.52	1297150	0.77
5001-10000	56	1.03	4281070	2.55
10001 & above	79	1.46	146497060	87.12
Total	5410	100.00	168146840	100.00

8. CATEGORY OF SHAREHOLDINGS AS ON 31.03.2014

Sr. No.	CATEGORY	DEMATED		PHYSICAL		TOTAL
		Shares	Holders	Shares	Holders	
1	Other Corporate Bodied	869441	83	21720	18	891161
2	Clearing Member	709829	32	0	0	709829
3	Non Resident Indian	71185	19	0	0	71185
4.	Non Resident (NON REPATRIABLE)	3301	6	0	0	3301
5.	Public	4706905	3080	665539	2163	5372444
6.	Promoters	9766764	9	0	0	9766764
	Total	16127425	3229	687259	2181	16814684

9. FINANCIAL RELEASE DATES FOR THE YEAR 2014-15

QUARTER RELEASE DATE	TENTATIVE AND SUBJECT TO CHANGE
1 st Quarter ending 30 th June	End of July,2014
2 nd Quarter ending 30 th September	End of October,2014
3 rd Quarter ending 31 st December	End of January,2015
4 th Quarter ending 31 st March	End on April, 2015

10. DEMAT POSITION AS ON 31.03.14

Total No. of Fully paid up shares	Shares in demat form	Percentage (%)	Shares in physical form	Percentage (%)
16814684	16127425	95.91%	687259	4.09%

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, 2014**

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 31.03.2014 , 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 grievance 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, 2014

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, 2014, 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

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"), read with general circular No.15/2013 dated 13th September, 2013 of Ministry of Company Affairs in respect section 133 of the Companies Act, 2013 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 misstatement. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- i. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- ii. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with general circular No.15/2013 dated 13th September, 2013 of Ministry of Company Affairs in respect section 133 of the Companies Act, 2013 ("the Act"). Except Note No.29 and 30
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

CA. MANISH KANKANI
Partner
M.No 158020

Place: Mumbai
Date: 30/05/2014

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 maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
- (ii) (a) As explained to us, inventories at site have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- (iii) (a) According to the information and explanations given to us, The Company had given unsecured loans (Interest Free) to three Parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum principal amount involved during the year was Rs 1,972,364 and Closing Balance is Rs 1,472,364.
 - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company
 - (c) As explained to us, receipt of principal amount in respect of such loans during the year has been regular/as per stipulation.
 - (d) In respect of the said loans, there are no overdue amounts.
 - (e) According to the information and explanations given to us, the Company has received unsecured loans (Interest free) from Six Parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum principal amount involved during the year was Rs. 3,633,655 and the balance outstanding at the end of the financial year from such Parties was Rs. 364,180 Other than the above, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (f) In our opinion, the rate of interest and other terms and conditions of the loans taken by the Company, are prima-facie not prejudicial to the interest of the Company;
 - (g) The Payments of principal amounts in respect of such loans during the year has been regular/as per stipulation.
- (iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations made to us, we are of the opinion that, the transactions in which directors were interested as contemplated under Section 297 and Section 299 of the

Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to market prices prevailing at that time.
- (vi) The Company has not accepted any deposits during the year under the provisions of section 58A and 58AA of the Companies Act, 1956, and the rules framed there under are not applicable.
- (vii) As explained to us, there is no formal internal audit system. However, the Company has adequate internal control procedure involving internal checking of its financial record.
- (viii) As per information & explanation given by the management, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and the rules framed there under
- (ix) **In Respect of statutory dues :**
- (a) According to the records of the Company, it has been generally regular in depositing, wherever applicable, undisputed statutory dues including Investor Education and Protection Fund, Wealth Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities. There have been delays during certain months in depositing Income Tax Deducted at Source, Service Tax and Value Added Tax dues. However, there were no amounts outstanding at the last day of the financial year for a period exceeding six months from the date they became payable Except in case of deduction and depositing of Professional tax of Company and Service tax payment
- (b) On the basis of our examination of documents and records of the Company, and explanation provided to us, there were no disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or Cess, other than the 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.79,83,821/-	A.Y. 2000-2001	ITAT Mumbai
Income Tax Act, 1961	Income Tax	Rs.592,527/-	A.Y. 2001-2002	ITAT Mumbai
Income Tax Act, 1961	Income Tax	Rs.3,40,729/-	A.Y. 2002-2003	ITAT Mumbai
Income Tax Act, 1961	Income Tax	Rs.58,94,180/-	A.Y. 2003-2004	ITAT Mumbai
Income Tax Act, 1961	Income Tax	Rs.44,09,110/-	A.Y. 2004-2005	ITAT Mumbai

- (x) The Company does not have any accumulated losses as at 31st March, 2014. The company has not incurred cash losses during the financial year covered by our audit and immediately preceding financial year
- (xi) According to the records of the Company examined by us and the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders as at the Balance sheet date
- (xii) On the basis of the records examined by us and the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company;
- (xiv) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company;

- (xv) According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from banks or financial institutions;
- (xvi) The Company has not raise term loans during the year. The term loans outstanding at the beginning of the year have been applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not raised any funds on short-term basis. Accordingly clause 4(xvii) of the order is not applicable;
- (xviii) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956;
- (xix) On the basis of the records examined by us, we have to state that, the Company has not issued any debentures;
- (xx) The Company has not raised any money through a public issue during the year;
- (xxi) According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.

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

CA. MANISH KANKANI
Partner
M.No. 158020

Place: Mumbai
Date : 30/05/2014

BALANCE SHEET AS AT 31st MARCH, 2014

PARTICULARS	Note No.	As at 31.03.2014	As at 31.03.2013
		(In ₹)	(In ₹)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	168,146,840	168,146,840
(b) Reserves and surplus	3	177,065,472	166,555,627
		345,212,312	334,702,467
Share application money pending allotment			
2 Non-current liabilities			
(a) Long-term borrowings	4	142,011	1,693,289
(b) Deferred tax liabilities		-	-
(c) Other long-term liabilities		-	-
(d) Long-term provisions		-	-
		142,011	1,693,289
3 Current liabilities			
(a) Short-term borrowings	5	57,015,828	46,913,465
(b) Trade payables	6	640,807,157	677,272,007
(c) Other current liabilities	7	15,362,574	1,741,017
(d) Short-term provisions	8	10,349,216	8,836,535
		723,534,774	734,763,024
		1,068,889,097	1,071,158,780
TOTAL			
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	43,845,467	40,781,662
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		3,304,376	3,304,376
(iv) Intangible assets under development		-	-
(v) Fixed assets held for sale		-	-
		47,149,843	44,086,038
(b) Non-current investments	10	4,400,000	32,300,000
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	11	88,629	-
(e) Other non-current assets	12	627,053	940,580
		5,115,682	33,240,580
2 Current assets			
(a) Current investments		-	-
(b) Inventories	13	51,307,892	75,183,374
(c) Trade receivables	14	648,505,433	664,057,237
(d) Cash and cash equivalents	15	8,488,189	5,094,900
(e) Short-term loans and advances	16	39,530,489	15,644,869
(f) Other current assets	17	268,791,569	233,851,782
		1,016,623,573	993,832,162
		1,068,889,098	1,071,158,780
TOTAL			
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements

FOR DMKH & CO.,

Chartered Accountants

Firm Registration No. : 116886W

CA. MANISH KANKANI

PARTNER

MNo. 158020

Place : MUMBAI

Date : 30th May, 2014

For AAREY DRUGS & PHARMACEUTICALS LTD

JAGDISH K SHAH

CHAIRMAN

MIHIR R. GHATALIA

MANAGING DIRECTOR

CHETAN K. MEHTA

DIRECTOR

Place : MUMBAI

Date : 30th May, 2014

PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014

PARTICULARS	Note No.	For year ended	For year ended
		31 March, 2014 (In ₹)	31 March, 2013 (In ₹)
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	18	1,997,250,454	1,723,074,445
2 Other income	19	15,800,683	2,046,028
3 Total revenue		2,013,051,137	1,725,120,473
4 Expenses			
(a) Cost of Goods Sold	20	1,963,366,167	1,688,516,901
(b) Employee benefits expense	21	4,149,502	2,761,965
(c) Finance costs	22	9,453,875	7,631,616
(d) Depreciation and amortisation expense	9	6,219,701	5,778,747
(e) Other expenses	23	16,451,666	11,406,038
Total expenses		1,999,640,910	1,716,095,266
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		13,410,227	9,025,207
6 Exceptional items		-	-
7 Profit / (Loss) before extraordinary items and tax (5 + 6)		13,410,227	9,025,207
8 Extraordinary items		-	-
9 Profit / (Loss) before tax (7 + 8)		13,410,227	9,025,207
10 Tax expense:			
(a) Current tax expense for current year		2,989,010	2,442,689
(b) (Less): MAT credit (where applicable)		-88,629	-
(c) Current tax expense relating to prior years		-	-
(d) Net current tax expense		-	-
(e) Deferred tax	30	-	-
		2,900,382	2,442,689
11 Profit / (Loss) for the year (9 - 10)		10,509,845	6,582,518
12 Earnings per share (of Rs. 10/- each) :			
(a) Basic		0.63	0.39
(b) Diluted		0.63	0.41
The accompanying notes are an integral part of the financial statements			

FOR DMKH & CO.,
Chartered Accountants

Firm Registration No. : 116886W

CA. MANISH KANKANI
PARTNER

MNo. 158020

Place : MUMBAI

 Date : 30th May, 2014

For AAREY DRUGS & PHARMACEUTICALS LTD
JAGDISH K SHAH
CHAIRMAN
MIHIR R. GHATALIA
MANAGING DIRECTOR
CHETAN K. MEHTA
DIRECTOR

Place : MUMBAI

 Date : 30th May, 2014

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, 1956 ("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 fixed assets**
Tangible fixed 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 fixed 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 prescribed in Schedule XIV of the Companies Act, 1956 on pro-rata basis 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 31.03.2014		As at 31.03.2013	
	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 31.03.2014		As at 31.03.2013	
	Number of Shares	(In ₹)	Number of shares	(In ₹)
Equity Shares At the beginning of the year	16,814,684	168,146,840	14,012,236	140,122,360
Bonus Issue during the year *	-	-	2,802,448	28,024,480
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 31.03.2014		As at 31.03.2013	
	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	920,000	5.47
TOTAL [5% & above]	9,129,152	54.30	8,489,152	50.49

(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 31.03.2014 (In ₹)	As at 31.03.2013 (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	135,177,540
Add : Premium on shares issued during the year	-	-
Less: Utilised during the year	-	-
Issuing of fully paid up Bonus Shares	-	-28,024,480
Closing balance	107,153,060	107,153,060
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	57,402,567	50,820,050
Add: Profit / (Loss) for the year	10,509,845	6,582,517
Less: Profit / (Loss) transfer to Genral Reserve	-	-
Closing balance	67,912,412	57,402,567
Total	177,065,472	166,555,627

NOTE 4 - LONG TERM BORROWINGS

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
(a) Other Loans & Advances Secured		
Kotak Mahindra Prime Limited*	-	171,815
Less : Current Maturity of Long term borrowing	-	-171,815
	-	-
Unsecured		
Kotak Mahindra Bank Limited	142,011	1,693,289
Total	142,011	1,693,289

*Secured against hypothecation of vehicle financed

NOTE 5 - SHORT TERM BORROWINGS

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
(a) Loans and advances from related parties		
Unsecured		
From Directors	-	-
From Others	446,383	2,633,655
	446,383	2,633,655
(b) Other loans and advances		
Secured		
State Bank Of Patiala*	55,018,168	42,806,885
Kotak Mahindra Prime Limited**	-	171,815
Unsecured		
Kotak Mahindra Bank Limited	1,551,277	1,301,110
	56,569,445	44,279,810
Total	57,015,828	46,913,465

*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

**Secured against hypothecation of vehicle financed

NOTE- 6 TRADE PAYABLE

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
Trade payables:		
For Goods	640,807,157	677,272,007
For Expenses	-	-
Total	640,807,157	677,272,007

NOTE-7 OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
Statutory & Other Remittances		
(a) Employees Profession Tax Payable	-	-
(b) T. D. S. Payable	262,533	45,867
(c) Advance from Customers	14,735,056	1,482,397
(d) Service Tax Payable*	364,985	212,753
Total	15,362,574	1,741,017

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

NOTE-8 SHORT TERM PROVISIONS

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
Provision - Others:		
(i) Provision for Income tax	8,889,120	6,900,104
(ii) Provision for Expenses	1,460,096	1,936,431
	10,349,216	8,836,535

NOTE-10 NON CURRENT INVESTMENT

Particulars	As at 31.03.2014			As at 31.03.2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Long Term Investments						
Investment in :						
Shares of Transmedia Software Ltd	-	4,000,000	4,000,000	-	4,000,000	4,000,000
Jasmin Estate Developers Pvt. Ltd	-	-	-	-	27,900,000	27,900,000
Plot At Kankavali	-	400,000	400,000	-	400,000	400,000
	-	4,400,000	4,400,000	-	32,300,000	32,300,000

Notes 9 : FIXED ASSETS

A. Tangible assets	Gross block					Accumulated depreciation and impairment					Net block	
	Balance as at 31.4.2013	Additions	Disposals	Borrowing cost capitalised	Other adjust-ments	Balance as at 31.3.2014	Depreciation / amortisation expense for the year	Eliminated disposal of asset	Balance as at 31.3.2014	Balance as at 31.3.2014	Balance as at 31.3.2014	Balance as at 31.4.2013
Land	2,243,546	-	-	-	-	2,243,546	-	-	226,620	-	2,016,926	2,016,926
Factory Building	25,699,868	-	-	-	-	25,699,868	779,888	-	17,900,985	-	7,018,995	7,798,883
Plant & Machinery	100,012,277	9,117,000	-	-	-	109,129,277	5,218,136	-	69,853,345	-	34,057,796	30,158,932
Factory Equipment	523,758	-	-	-	-	523,758	7,780	-	467,831	-	48,147	55,927
Electronic Equipments	233,664	39,111	-	-	-	272,775	23,593	-	127,225	-	150,818	106,440
Furniture	44,519	-	-	-	-	44,519	459	-	41,981	-	42,440	2,538
Electronic Fitting	59,935	-	-	-	-	59,935	648	-	56,355	-	57,003	3,580
D.G. Set	178,525	-	-	-	-	178,525	5,357	-	148,927	-	154,284	29,598
Computer	496,479	47,619	-	-	-	544,098	59,562	-	371,970	-	431,532	124,509
Motor Car	1,120,871	-	-	-	-	1,120,871	107,301	-	706,422	-	813,723	414,449
Laboratory Equipment	139,056	-	-	-	-	139,056	5,675	-	98,254	-	103,929	40,801
Air Condition	34,543	79,777	-	-	-	114,320	11,302	-	5,464	-	16,766	29,079
Total	130,787,040	9,283,507	-	-	-	140,070,547	6,219,701	-	90,005,379	-	96,225,080	40,781,662
Previous year	123,655,747	7,131,293	-	-	-	130,787,040	5,778,747	-	84,226,632	-	90,005,379	39,429,116
CAPITAL WORK-IN-PROGRESS												
	Balance as at 1.4.2013	Additions	Transfer to Fixed Assets during the year	Borrowing cost capitalised	Other adjust-ments	Balance as at 31.3.2014	Depreciation / amortisation expense for the year	Eliminated disposal of asset	Balance as at 31.3.2014	Balance as at 31.3.2014	Balance as at 31.3.2014	Balance as at 31.4.2013
Capital WIP Building	3,304,376	-	-	-	-	3,304,376	-	-	-	-	3,304,376	3,304,376
Total	3,304,376	-	-	-	-	3,304,376	-	-	-	-	3,304,376	3,304,376
Previous year	8,781,275	-	5,476,899	-	-	3,304,376	-	-	-	-	3,304,376	8,781,275

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

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
(a) MAT Credit Entitlement	88,629	-
Total	88,629	-

NOTE- 12 OTHER NON CURRENT ASSETS

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
(a) Miscellaneous Expenditure (Related to right issue) Less: Current Year Written Off	940,580 -313,527	1,254,107 -313,527
Total	627,053	940,580

NOTE- 13 INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
(a) Stock-in-trade	51,307,892	74,035,174
(b) Stores & Spares	-	198,000
(c) Finished Goods	-	950,200
Total	51,307,892	75,183,374

NOTE- 14 TRADE RECEIVABLE

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	10,079,356	4,547,067
Doubtful	-	-
	10,079,356	4,547,067
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	638,426,077	659,510,170
Doubtful	-	-
	638,426,077	659,510,170
Total	648,505,433	664,057,237

NOTE- 15 CASH & CASH EQUIVALENTS

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
(a) Cash on hand	7,725,880	3,221,675
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	108,556	1,342,470
(ii) In deposit accounts	653,753	530,755
Total	8,488,189	5,094,900

NOTE- 16 SHORT TERM LOANS & ADVANCES

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
(a) Loans and advances to related parties	1,472,364	1,654,627
	1,472,364	1,654,627
(b) Loans and advances to others	24,160,500	1,895,000
	24,160,500	1,895,000
(c) Balances with government authorities	12,703,055	8,998,472
	12,703,055	8,998,472
(d) Security Deposit		
Unsecured, considered good		
Deposit with BSE	-	2,500,200
Other Deposits	1,194,570	594,570
	1,194,570	3,094,770
(e) Others- (Recoverable in cash or kind)		
Secured, considered good	-	-
Unsecured, considered good	-	2,000
Doubtful	-	-
	-	2,000
Less: Provision for other doubtful loans and advances	-	-
	-	2,000
Total	39,530,489	15,644,869

NOTE- 17 OTHER CURRENT ASSETS

Particulars	As at 31.03.2014 (In ₹)	As at 31.03.2013 (In ₹)
(a) Advance to suppliers for Goods	226,374,524	108,390,727
(b) Advance towards Expenses	42,417,045	125,461,055
Total	268,791,569	233,851,782

NOTE- 18 INCOME FROM OPERATIONS

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Sale of Traded Goods	1,997,250,454	1,723,074,445
Total	1,997,250,454	1,723,074,445

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE- 19 OTHER INCOME

Particulars	(In ₹)	
	For the year ended 31 March, 2014	For the year ended 31 March, 2013
(a) Interest income		
Interest from Bank on Deposits	-	-
Interest from Bank on Other Balance	154,806	12,647
Interest on loans and advances	12,720,094	241,107
Interest on late payment	1,212,524	446,936
(b) Commission received	383,162	616,769
(c) Storage received	797,843	563,031
(d) M-VAT Receivable	493,755	-
(e) Misc. Income	38,500	165,539
(f) Other non-operating income	-	-
Total	15,800,683	2,046,028

NOTE -20 COST OF GOODS SOLD

Particulars	For the year ended	
	31 March, 2014	31 March, 2013
(a) Opening Stock	75,183,374	81,227,835
Add: Purchases	1,921,457,520	1,672,415,203
Add: Direct Expenses	18,033,164	10,057,238
	2,014,674,059	1,763,700,275
Less: Closing Stock	51,307,892	75,183,374
Cost of Goods Sold	1,963,366,167	1,688,516,901
Total	1,963,366,167	1,688,516,901

DIRECT EXPENSES

Particulars	For the year ended	
	31 March, 2014	31 March, 2013
Factory Expenses	733,950	22,900
Carriage Inwards	3,548,984	3,159,084
Power & Fuel	4,990,244	-
Loading unloading charges	798,875	-
Custom Duty	4,702,071	5,908,335
Storage Expenses	1,259,485	966,919
Sales Tax expenses	1,999,555	-
Total	18,033,164	10,057,238

NOTE- 21 EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended	
	31 March, 2014	31 March, 2013
(a) Salaries and wages	4,036,483	2,620,834
(b) Staff Welfare Expenses	113,019	141,130
	4,149,502	2,761,965

NOTE- 22 FINANCE COSTS

Particulars	For the year ended	
	31 March, 2014	31 March, 2013
Bank Interest	8,111,950	6,847,889
Other Interest	954,619	633,449
Bank Charges	387,306	150,278
	9,453,875	7,631,616

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE-23 OTHER EXPENSES

(In ₹)

(In ₹)

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Security Services Charges	378,000	372,000
Conveyance	142,835	151,759
Electricity Charges	212,298	76,200
Custodial Fees	60,000	60,000
Rent Rate & Taxes	2,615,089	609,776
Brokerage and commision Expenses	4,159,310	3,497,629
Legal & Professional Charges	1,002,516	484,959
Motar Car Expenses	899,055	193,986
Printing & Stationary Exps.	51,241	79,043
Audit Fees	117,978	84,270
Communication Expenses	267,368	133,106
Repairs & Maintenance	592,144	52,149
Travelling Exps.	223,866	12,251
Insurance Exps.	35,916	49,831
Donation Expenses	57,601	15,000
RTA Expenses	80,500	83,474
Bonus Issue Expenses	-	209,361
Sales Promotion Expenses	645,984	196,241
Advertisement Expenses	34,300	50,989
Carriage Outward Expenses	3,405,624	3,726,109
Entertainment Expenses	4,642	27,149
Miscellaneous Expenses	728,026	893,819
MIDC Expenses	-	-
Office expenses	423,846	33,410
Right Issue expenses Written Off	313,527	313,527
Total	16,451,666	11,406,038

Note 23 Other expenses (contd.)

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	56,180	56,180
For taxation matters	28,090	28,090
For company law matters	-	-
For management services	-	-
For other services	33,708	-
Reimbursement of expenses	-	-
Total	117,978	84,270

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.
26. Provision for retirement benefits to employees was provided on accrual basis, which is in conformity with Accounting Standard-15 issued by ICAI and the amount has not been quantified because actuarial valuation report is not available. However, in the opinion of the management the amount involved is negligible and has no material impact on the Statement of Profit & Loss.
27. 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-28 issued by the Institute of Chartered Accountants of India.
28. 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 year end together with interest paid/payable as required under the said Act have not been made.
29. **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:

	2013-2014 (In ₹)	2012-2013 (In ₹)
Profit Attributable to Equity Share Holders (After Tax)	10,509,845	6,582,518
Weighted Average Number of Equity Share (Nos.)	16,814,684	16,814,684
Basic/ Diluted Earnings Per Share	0.63	0.39
Diluted Earnings Per Share	0.63	0.41
Face Value per Equity Share	10.00	10.00

30. **Deferred Tax Assets/(Liability) :**
The Company has not provided Deferred Tax Liabilities for the year, amounting to Rs. 6,470,141/- 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.
31. 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 Rs3,901,085/-
32. **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
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
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
Remuneration	-	300,000	-
Rent Paid	-	-	1,080,000
Loan Transactions			
Gross Loans Taken	-	-	3,530,525
Gross Loans Repaid	-	-	5,800,000
Credit Balance as on 31.03.2014	85000	-	2,79,180
Gross Loans Given	33,500,000	8,64,248	-
Gross Amount Receive	9,800,000	3,46,518	7,00,000
Debit Balance as on 31.03.2014	23,700,000	1,467,487	4,869

33. **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, 2014

JAGDISH K SHAH
CHAIRMAN

MIHIR R. GHATALIA
MANAGING DIRECTOR

CHETAN K. MEHTA
DIRECTOR

Place : MUMBAI
Date : 30th May, 2014

Cash Flow Statement for the year ended 31 March, 2014				
Particulars	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	(In ₹)	(In ₹)	(In ₹)	(In ₹)
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax	13,410,227		9,025,206	
<i>Adjustments for:</i>				
Misc. Expenditure written off	313,527		313,527	
Depreciation and amortization	6,219,701		5,778,747	
Finance costs	9,453,875	29,397,330	7,631,616	22,749,096
Operating profit / (loss) before working capital changes		29,397,330		22,749,096
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	23,875,482		6,044,461	
Trade receivables	15,551,803		(186,063,630)	
Short-term loans and advances	-23,885,620		66,796,123	
Other current assets	(34,939,787)		(68,051,840)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Short-term borrowings	10,102,363		2,776,862	
Trade payables	-36,464,851		196,520,552	
Other current liabilities	13,621,557		(4,850,427)	
Short-term provisions	(1,476,330)	-33,615,382	(2,197,488)	10,974,613
		-4,218,053		33,723,709
Cash flow from extraordinary items		-		-
Cash generated from operations		-4,218,053		33,723,709
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) operating activities (A)		-4,218,053		33,723,709
B. Cash flow from investing activities				
Fixed Assets Purchase	(9,283,507)		(1,654,394)	
Cash received from Government securities	-		15,940	
Shares of Transmedia Software Ltd	0		-4,000,000	
Investment in Property	0		-400,000	
Sale proceed from Investments	27,900,000		-	
Investment in Companies	0	18,616,493	-27,900,000	(33,938,454)
Cash flow from extraordinary items		-		-
		18,616,493		(33,938,454)
Net cash flow from / (used in) investing activities (B)		18,616,493		(33,938,454)
C. Cash flow from financing activities				
Proceeds from long-term borrowings	-1,551,278		1,521,474	
Share application money received / (refunded)	-		-	
Finance cost	(9,453,875)		(7,631,616)	
Right Issue expenses	-		0	
		(11,005,153)		-6,110,142
Cash flow from extraordinary items		-		-
Net cash flow from / (used in) financing activities (C)		(11,005,153)		-6,110,142
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		3,393,288		(6,324,886.58)
Cash and cash equivalents at the beginning of the year		5,094,901		11,419,785
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		8,488,189		5,094,898
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet		8,488,189		5,094,900
Less: Bank balances not considered as Cash and cash equivalents		-		-
Net Cash and cash equivalents		8,488,189		5,094,900
Add: Current investments considered as part of Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year *		8,488,189		5,094,900
* Comprises:				
(a) Cash on hand		7,725,880		3,221,675
(c) Balances with banks		-		-
(i) In current accounts		108,556		1,342,470
(ii) In earmarked accounts		653,753		530,755
		8,488,189		5,094,899

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

CA. MANISH KANKANI
PARTNER
M No. 158020
Place : MUMBAI
Date : 30th May, 2014

JAGDISH K SHAH
CHAIRMAN

For AAREY DRUGS & PHARMACEUTICALS LTD

MIHIR R. GHATALIA
MANAGING DIRECTOR

CHETAN K. MEHTA
DIRECTOR

Place : THANE
Date : 30th May, 2014



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 Fourth Annual General Meeting of the Company at E-34, MIDC, Tarapur, Boisar, Dist. Thane. On September 20, 2014 At 11.30 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 -----



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 Fourth Annual General Meeting of the Company to be held on September 20, 2014
at 11.30 A.M. at E-34 , MIDC , Tarapur , Boisar , Dist. Thane on and at any adjournment thereof.

Signed this _____ day of _____ 2014.

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 :

Aarféy DRUGS & PHARMACEUTICALS LTD.

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