



### **NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE THIRTY FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON SATURDAY 11<sup>TH</sup> SEPTEMBER, 2021 AT E-34, MIDC, TARAPUR, BOISAR, DIST. THANE AT 9.15 A.M. TO TRANSACT THE FOLLOWING BUSINESS:**

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statement of the Company for the year ended 31<sup>st</sup> March, 2021, the Balance sheet as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mihir Ghatalia (DIN: 00581005), who retires by rotation and being eligible, offers himself for re-appointment.

#### **SPECIAL BUSINESS:**

#### **3. Increase In Authorised Share Capital And Consequential Alteration Of Capital Clause Of The Memorandum Of Association**

To consider and thought fit to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 61 read with Sections 13, 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, and in accordance with the provisions of the Memorandum of Association, Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to increase the Authorized Share Capital of the Company from existing is Rs. 25,00,00,000/- (Rupees Twenty five crores only) divided into 2,50,00,000 (Two crores Fifty Lakh) Equity Shares of Rs. 10/- (Rupees Ten only) each, to Rs 25,50,00,000/- (Rupees Twenty five crores Fifty Lakh only) divided into 2,55,00,000 (Two crores Fifty five Lakh) Equity Shares of Rs.10/- (Rupees Ten only) ranking pari passu in all respect with the existing Equity Shares of the Company as per the Memorandum and Articles of Association of the Company.

**FURTHER RESOLVED THAT** pursuant to Section 13 and all other applicable provisions, if any, of the Companies Act, 2013, consent of the members of the Company be and is hereby



accorded, for alteration of Clause V of the Memorandum of Association of the Company by substituting in its place and stead the following:-

“V. The Authorized Share Capital of the Company is Rs 25,50,00,000/- (Rupees Twenty five crores Fifty Lakh only) divided into 2,55,00,000 (Two crores Fifty five Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each with rights, privileges and conditions attaching thereto as may be determined by the Board of Directors of the Company at the time of issue, with power to increase and reduce the capital for the Company and to attach thereto respectively such preferential deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by the Board of Directors of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the resolution of the Board of Directors of the Company.

**RESOLVED FURTHER THAT** approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard.”

#### **4. Issue Upto 20,00,000 Equity Shares On a Preferential Basis:**

To consider, and if thought fit, to pass the following resolution as **Special Resolution:**

**RESOLVED THAT** pursuant to the provisions of Sections 42, 62(1)(c) and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI ICDR Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations") and the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeover) Regulations, 2011 as amended from time to time, the listing agreement entered into by the Company with BSE Limited (the "Stock Exchange") on which the equity shares of the Company having face value of Rs. 10/- each ("Equity Shares") are listed, the Foreign



Exchange Management Act, 1999, the Foreign Exchange (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000 and subject to any other rules, regulations, guidelines, notifications, circulars and clarifications issued thereunder from time to time by the Ministry of Corporate Affairs, the Securities and Exchange Board of India ("SEBI") and/or any other competent authorities (herein after referred to as "Applicable Regulatory Authorities") from time to time to the extent applicable and the enabling provisions of the Memorandum of Association and Articles of Association of the Company, and subject to such approvals, consents and permissions as may be necessary or required and subject to such conditions as may be imposed or prescribed while granting such approvals, consents and permissions, which the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to mean and include one or more committee(s) constituted by the Board to exercise its powers including the powers conferred by this Resolution), is hereby authorised to accept, the consent and approval of the Members of the Company ("Members") be and is hereby accorded to the Board to create, issue, offer and allot upto 20,00,000 (Twenty Lakh) Equity Shares of the Company, having face value of Rs. 10/- (Rupees Ten only) each, at a price of Rs. 41.07/- as determined as on the Relevant Date in accordance with Regulation 164 of the ICDR Regulations and applicable law, to proposed allottees as mentioned in the explanatory statement (hereinafter referred to as the 'Proposed Allottees') by way of a preferential issue and in such manner and on such terms and conditions, as may be deemed appropriate by the Board at its absolute discretion but subject to applicable laws and regulations, including the provisions of Chapter V of the SEBI ICDR Regulations, 2018 and Companies Act, 2013.

**FURTHER RESOLVED THAT** in accordance with Chapter-V and Regulation 161 of the ICDR Regulations, the "Relevant Date", for determining the minimum price of the Equity Shares to be allotted to the Proposed Allottees, on a preferential basis, is 12<sup>th</sup> August, 2021, being the date which is 30 (Thirty) days prior to the date of this Annual General Meeting i.e. 11<sup>th</sup> September, 2021.

**FURTHER RESOLVED THAT**, if required, price determined for preferential issue shall be subject to appropriate adjustments in accordance with the provisions of Regulation 166 of the ICDR Regulations.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above Resolution, the issue of the Equity Shares to Proposed Allottees under the Preferential Issue shall be subject to the following terms and conditions apart from others as prescribed under applicable laws:



- a) The Equity Shares to be issued and allotted shall be fully paid up and rank *pari passu* with the existing Equity Shares of the Company in all respects (including with respect to dividend and voting powers) from the date of allotment thereof, be subject to the requirements of all applicable laws and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company.
- b) The Equity Shares to be allotted shall be locked-in for such period as specified in the provisions of Chapter V of the SEBI ICDR Regulations and will be listed on the Stock Exchange subject to receipt of necessary regulatory permissions and approvals.
- c) The Equity Shares shall be allotted in dematerialised form within a period of fifteen (15) days from the date of passing of the Special Resolution by the Members, provided that where the allotment of Equity Shares is subject to receipt of any approval or permission from Applicable Regulatory Authorities, the allotment shall be completed within a period of fifteen (15) days from the date of receipt of last of such approvals or permissions.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept any modification(s) in the terms of issue of Equity Shares, subject to the provisions of the Act and the SEBI ICDR Regulations, without being required to seek any further consent or approval of the Members.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, including without limitation, issuing clarifications, resolving all questions of doubt, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the Preferential Issue) and to authorize all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the Members and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Equity Shares and listing thereof with the Stock Exchange as appropriate and utilisation of proceeds of the Preferential Issue, take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to



effect any modification to the foregoing and the decision of the Board shall be final and conclusive.

**FURTHER RESOLVED THAT** the Board hereby delegates (to the extent permitted by law) all or any of the powers herein conferred to any committee of Directors or any Director(s) or executive(s)/officer(s) of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc. as may be necessary to give effect to the aforesaid resolutions and all the actions that may be taken by the Board or Committee duly constituted for this purpose in this connection be and are hereby ratified and confirmed in all respects."

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

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

Date: 10<sup>th</sup> August, 2021  
Place: Mumbai

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

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

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

- The register of members and the share transfer books of the company will remain closed from 05<sup>th</sup> September 2021 to 11<sup>th</sup> September 2021 (both days inclusive) in connection with the Annual General Meeting.
- The Annual Report and Notice for the 31<sup>st</sup> AGM alongwith Attendance slip and Proxy form, is being send by electronic mode to all the shareholders whose email address are registered with the Company/ Depository Participant unless a member has requested for a hard copy of the same. For members who have not registered their email address, physicals copies have



been send through permitted mode. Members are requested to bring their copy of the Annual Report at the meeting.

4. To protect the environment and disseminate all the communication promptly, members who have not registered their E-mail ID so far are requested to register the same with DP/RTA for receiving all the communications including Annual Reports, Notices etc. electronically.
5. **Voting through electronic means:**

Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules the company is pleased to offer evoting facility to its members to cast their vote electronically for the 31<sup>st</sup> Annual General Meeting of the Company on 11<sup>th</sup> September, 2021. The Company has engaged the services of Central Depository Services (India) Ltd. ("CDSL") for providing e-voting facilities to the Members enabling them to cast their vote in a secure manner.

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

**In case of members receiving e-mail:**

Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)

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

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. Members who have not updated their DOB with the Company/ Depository Participant are requested to use 11.09.2021 in the DOB field
Dividend	Enter the Dividend Bank Details as recorded in your demat account or in the



Bank Details	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.
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(vi) After entering these details appropriately, click on “SUBMIT” tab.

(vii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

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

(x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

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

(xii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

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

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

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

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.



- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xvi) **In case of members receiving the physical copy:** Please follow all steps from sl. no. (i) to sl. no. (xv) above to cast vote.
- (xvi) The e-voting period shall commence on September 08, 2021 (9:00 a.m. onwards) and ends on September 10, 2021 (5:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 04<sup>th</sup> September, 2021, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (xvii) Mr. Virendra Bhatt, Whole time Practicing Company Secretary, Mumbai has been appointed Scrutinizer to scrutinize the evoting process in a fair and transparent manner.
- (xviii) The Scrutinizer shall within a period not exceeding two days from the conclusion of evoting period unblock the votes in the presence of two witnesses not in employment of the Company and make scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the Company.
- (xx) The Results shall be declared on or after the AGM of the Company. The Result declared alongwith the Scrutinizer's Report shall be placed on the Company website at [www.aareydrugs.com](http://www.aareydrugs.com) within two days of passing of the resolutions of the AGM and communicated to BSE Limited.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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

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

Date: 10<sup>th</sup> August, 2021  
Place: Mumbai

Preeti Paresh Rathi  
Company Secretary & Compliance Officer



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

**Item No.3.**

The existing Authorised Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty five crores only) divided into 2,50,00,000 (Two Crores Fifty lakh) Equity Shares of Rs.10/- (Rupees Ten only). Section 61 of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof, for the time being in force, the "Companies Act") provides that a limited company having a share capital may, if so authorized by its Articles of Association, with the consent of its Members, alter the conditions of its Memorandum of Association so as to increase its share capital by such amount as it thinks expedient by issuing new shares.

In view of this, the Company proposes to increase the existing Authorised Equity Capital from Rs. 25,00,00,000/- (Rupees Twenty five crores only) divided into 2,50,00,000 (Two Crores Fifty lakh) Equity Shares of Rs.10/- (Rupees Ten only) each, to Rs 25,50,00,000/- (Rupees Twenty five Crores fifty five lakh only) by creation of additional 20,00,000 (Twenty Lakh) Equity Shares of face value of Rs.10/- each.

Consequently, Clause V of the Memorandum of Association would also require alteration so as to reflect the changed Authorised Share Capital.

The proposal for increase in Authorised Share Capital and amendment of Memorandum of Association of the Company requires approval of members at a general meeting.

The draft Memorandum of Association after incorporating the proposed change is available for inspection at the registered office of the Company during business hours on all working days excluding Saturdays and Sundays between 11.00 am to 1.00 pm upto the date of the meeting.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives, are in any way concerned or interested, financially or otherwise in the said resolution.

The consent of the members is, therefore, being sought for passing the aforesaid resolution of the notice as an Ordinary Resolution.



**Item No.: 04:**

In terms of Section 62(1)(c) read with Sections 42 and 55 of the Companies Act, 2013 and Rules made thereunder (the "Act"), and in accordance with provisions of Chapter V - "Preferential Issue" of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "ICDR Regulations"), as amended, and on the terms and conditions and formalities as stipulated in the Act and the ICDR Regulations, a Company can undertake preferential issue / private placement only after obtaining prior approval of the Shareholders by way of Special Resolution. Accordingly, the Company proposes to issue and allot fully paid-up 20,00,000 Equity Shares having face value of Rs.10/- (Rupees Ten Only) each at or above the minimum price as determined as on Relevant Date, in accordance with Regulation 164 of the SEBI (ICDR) Regulations, 2018

***The details in relation to the Preferential Issue as required under the SEBI ICDR Regulations and the Act read with the rules issued thereunder, are set forth below:***

**(i) Particulars of the Preferential Issue including date of passing of Board resolution**

The Board of Directors at its meeting held on 10<sup>th</sup> August, 2021, had, subject to the approval of the Members and such other approvals as may be required, approved the issuance of up to 20,00,000 Equity Shares at a price of Rs. 41.07/- per Equity Share, to proposed allottees, for cash consideration, on a preferential basis.

**(ii) Kinds of securities offered and the price at which security is being offered**

Up to 20,00,000 Equity Shares of the Company, at a price of Rs. 41.07/- (including a premium of Rs. 31.07/-) per Equity Share aggregating up to Rs. 8.21/- crore, such price being not less than the minimum price as on the Relevant Date determined in accordance with the provisions of Chapter V of the SEBIICDR Regulations.

**(iii) Objects of the Preferential Issue and aggregate amount proposed to be raised**

The Company proposes to raise an amount aggregating up to Rs. 8.21/- crore through the Preferential Issue. The proceeds of the Preferential Issue will be utilized for



meeting future funding requirements and other general corporate purposes of the Company.

**(iv) Relevant Date**

In terms of the provisions of Chapter V of the SEBI ICDR Regulations, relevant date for determining the floor price for the Preferential Issue is 12<sup>th</sup> August, 2021, being the date 30 days prior to the date of this Annual General Meeting (AGM).

**(v) Basis on which the price has been arrived at and justification for the price (including premium, if any).**

The Equity Shares of the Company are listed on BSE Limited (hereinafter referred to as the “Stock Exchange”). The Equity Shares are frequently traded in terms of the SEBI ICDR Regulations and BSE has been considered for determining the floor price in accordance with the SEBI ICDR Regulations.

In terms of the applicable provisions of the SEBI ICDR Regulations, the floor price at which the Equity Shares shall be issued is Rs. 41.07/- per Equity Share, being higher of the following:

- a) Average of weekly high and low of the volume weighted average price of the Equity Shares of the Company quoted on BSE, during the twenty six (26) weeks preceding the twenty six (26) weeks preceding the Relevant Date i.e Rs 31.48 per Equity Share; or
- b) Average of weekly high and low of the volume weighted average price of the Equity Shares of the Company quoted on BSE, during the Two (2) weeks preceding the Two (2) weeks preceding the Relevant Date i.e Rs 41.07 per Equity Share; or

The pricing of the Equity Shares to be allotted on preferential basis is Rs. 41.07/- per Equity Share which is not lower than the floor price determined in the manner set out above.

**(vi) Intent of the Promoters, directors or key managerial personnel of the Company to subscribe to the Preferential Issue; contribution being made by the**



**Promoters or Directors either as part of the Preferential Issue or separately in furtherance of the objects**

The Equity Shares shall be issued to the Promoter of the Company and also to Non-Promoters. Five Promoters has indicated their intention to subscribe to the Preferential Issue. Only one Director and CFO (Promoter) of the Company intends to subscribe to any of the Equity Shares proposed to be issued under the Preferential Issue or otherwise contribute to the Preferential Issue or separately in furtherance of the objects specified herein above.

**(vii) Time frame within which the Preferential Issue shall be completed**

As required under the SEBI ICDR Regulations, the Equity Shares shall be allotted by the Company within a period of 15 days from the date of passing of this Resolution, provided that where the allotment of the proposed Equity Shares is pending on account of receipt of any approval or permission from any regulatory or statutory authority, the allotment shall be completed within a period of 15 days from the date of receipt of last of such approvals or permissions.

**(viii) Principal terms of assets charged as securities**

Not applicable.

**(ix) Shareholding pattern of the Company before and after the Preferential Issue**

The pre issue and post issue shareholding pattern of the Company after considering the preferential issue to be made to Proposed Allottees is provided hereunder:

Sr n o	Category	Pre – Issue as of June, 2021		Post – Issue*	
		Number of Equity Shares	% of Shareholding	Number of Equity Shares	% of Shareholding
A	Shareholding of Promoter and Promoter Group				
1	Promoter and Promoter Group	1,15,48,313	49.38	1,21,98,313	48.05
	Sub Total (A)	1,15,48,313	49.38	1,21,98,313	48.05
B	Non Promoters				



	Shareholding				
1	Institutions	800000	3.42	800000	3.15
2	Non Institutions	9390303	40.15	9390303	36.99
3	Bodies Corporate	689726	2.95	689726	2.72
4	Others	956342	4.09	2306342	9.09
	Sub- Total (B)	11836371	50.62	13186371	51.95
	GRAND TOTAL [(A)+(B)]	23384684	100.00	25384684	100.00

**(x) The Class or Classes of persons to whom the allotment is proposed to be made:**

The allotment is proposed to be made to the Promoters of the Company as well as Non-Promoters as mentioned in the list of Proposed Allottee.

**(xi) The Identity of the Proposed Allottees, maximum number of Equity Share proposed to be issued and the Percentage of Pre and Post issue capital that may be held by the Proposed Allottees:**

**Details of proposed Allottees for issue of equity shares:**

Proposed Allottee	Natural Person who ultimately controls the Proposed Allottee	Maximum no of Equity Shares to be allotted	Pre- Issue Shareholding as on 30 <sup>th</sup> June 2021		Post - Issue Shareholding	
			No of shares	%	No of shares	%
Tejpal Anbalal Shah HUF	Tejpal Anbalal Shah HUF	100000	-	-	100000	0.39
Tejpal Anbalal Shah	Tejpal Anbalal Shah	100000	-	-	100000	0.39
Penil Doshi	Penil Doshi	125000	-	-	125000	0.49
Zil Doshi	Zil Doshi	375000	-	-	375000	1.48
Nipa Doshi	Nipa Doshi	250000	-	-	250000	0.98
Chirag J Bajaria	Chirag J Bajaria	50000	-	-	50000	0.19
Viraj Anil Bajaria	Viraj Anil Bajaria	50000	-	-	50000	0.19
Chetan Mehta	Chetan Mehta	300000	-	-	300000	1.18
Mira Mihir Ghatalia	Mira Mihir Ghatalia	250000	440000	1.88	690000	2.72
Bina Rajesh	Bina Rajesh	150000	3350834	14.33	3500834	13.79



Ghatalia	Ghatalia					
Nimit Rajesh Ghatalia	Nimit Rajesh Ghatalia	150000	1000000	4.28	1150000	4.53
Suraj Tradelinks Pvt Ltd	Suraj Tradelinks Pvt Ltd	50000	1960000	8.38	2010000	7.92
Nimit Impex Pvt Ltd	Nimit Impex Pvt Ltd	50000	1960000	8.38	2010000	7.92
<b>TOTAL</b>	NA	2000000	NA	NA	NA	NA

- (xii) **Identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of post Preferential Issue capital that may be held by them and change in control, if any, in the Company consequent to the Preferential Issue:**

The Equity Shares are proposed to be allotted to Proposed Allottees as mentioned above in point (xi). Details of shareholding prior to and after the proposed Preferential Issue, are also provided in point (xi) above.

- (xiii) **The Change in control, if any, in the Company that would occur consequent to the preferential offer:**

There shall be no change in management or control of the Company pursuant to the proposed issue. However, the percentage of shareholding, will change in accordance with the change in the shareholding pattern as set in the point (xi).

- (xiv) **Lock-in Period**

The Equity Shares shall be locked-in for such period as specified under Regulations 167 and 168 of the SEBI ICDR Regulations.

- (xv) **Undertakings:**

- a) None of the Company, its Directors or Promoter have been declared as wilful defaulter as defined under the SEBI ICDR Regulations. None of its Directors is a fugitive economic offender as defined under the SEBI ICDR Regulations.



- b) The Company is eligible to make the Preferential Issue to its Promoter as well as Non-Promoter under Chapter V of the SEBI ICDR Regulations.
- c) As the Equity Shares have been listed for a period of more than twenty-six weeks as on the Relevant Date, the provisions of Regulation 164(3) of SEBI ICDR Regulations governing re-computation of the price of shares shall not be applicable.

**(xvi) Certificate from Statutory Auditors:**

The certificate from Motilal & Associates LLP., Chartered Accountants, being the Statutory Auditors of the Company certifying that the Preferential Issue is being made in accordance with the requirements contained in the SEBI ICDR Regulations shall be made available for inspection by the Members during the meeting.

**(xvii) Other Disclosures:**

- a) During the period from 01<sup>st</sup> April, 2021 until the date of Notice of this AGM, the Company has not made any preferential issue of Equity Shares.
- b) Report of the registered valuer is not required under the provisions of second proviso to Rule 13(1) of the Companies (Share Capital and Debentures) Rules, 2014 for the proposed Preferential Issue.
- c) Neither Promoter nor any member of the promoter group of the Company including Proposed Allottees have sold or transferred any Equity Shares during the six months preceding the Relevant Date.

In accordance with the provisions of Sections 23, 42 and 62 of the Act read with applicable rules thereto and relevant provisions of the SEBI ICDR Regulations, approval of the Members for issue and allotment of the said Equity Shares to Proposed Allottees is being sought by way of a Special Resolution as set out in the said item of the Notice. Issue of the Equity Shares pursuant to the Preferential Issue would be within the Authorised Share Capital of the Company after increase of the Authorised Share Capital.



Mr. Mihir Ghatalia, Director; Mr. Nimit Ghatalia, Director; Mrs. Mira Ghatalia, Chief Finance Officer and their relatives are concerned or interested in the above referred resolution to the extent of their shareholding in the Company and the proposed allotment.

None of the Directors, Key Managerial Personnel of the Company their relatives other than specified above, are in any way concerned or interested, financially or otherwise, in the above referred resolution except to the extent of their individual shareholding in the Company.

The Board of Directors believes that the proposed Preferential Issue is in the best interest of the Company and its Members and, therefore, recommends the Special Resolution at Item No.: 04 of the accompanying Notice for approval by the Members of the Company.

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

**REGISTERED OFFICE**  
E-34, MIDC, BOISAR,  
TARAPUR, DIST. THANE  
Date: 10<sup>th</sup> August, 2021  
Place: Mumbai

Preeti Paresh Rathi  
Company Secretary & Compliance Officer



## **DIRECTORS REPORT**

To,

The Shareholders,

Your Directors have pleasure in presenting the Thirty first Annual Report together with Audited Accounts for the year-ended 31<sup>st</sup> March, 2021.

### **FINANCIAL RESULTS:**

( Amount in Rs.)

Particular	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Income	3554310438	3067780783
Expenditure	3471296643	2995357260
(Loss )/ Profit Before Exceptional Item & Tax	83013795	72423523
Profit Before Tax	83013795	72423523
(Less)/ Add: Tax Expenses	(17870735)	(14488083)
Balance Carried To Balance Sheet	65143060	57935440

### **REVIEW OF OPERATIONS & FUTURE OULOOK**

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

### **COVID 19 PANDEMIC IMPACT & RESPONSE**

The first quarter of 2020 saw an unprecedented outbreak of COVID-19 pandemic which caused an all-round disruption of economies around the world and dampened the already bleak



economic prospects. It has proved to be one of the most damaging events of human history and believed to have deep and cascading impact across the entire economic chain. Another significant disruption was in the area of Global supply chain wherein China is the key link and was being heavily impacted by the Pandemic.

The second half of the year showcased the resilience of the Pharmaceutical Industry with significant outcome of efforts on vaccine development with multiple vaccine approvals. The launch of vaccination in some countries in End 2020 raised hopes of an eventual end to the pandemic. Moreover, economic data released after the October 2020 World Economic Organisation (WEO) forecast suggest stronger-than-projected momentum on average across regions in the second half of 2021.

The Office of the Company was closed due to nationwide lockdown imposed by the Government of India and the Company has adopted work from home policy for safety of the employees

#### **DIVIDEND**

Your directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2021.

#### **DEPOSITS**

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

#### **TRANSFER TO RESERVE:**

Your Company has not transferred any amount to the General Reserves during the year under review.

#### **CHANGES IN SHARE CAPITAL, IF ANY:**

During the financial year, there has been no change in the Share Capital of the Company.

#### **SUBSIDIARY / HOLDING COMPANY, ETC.:**

The Company does not have any Subsidiary, Holding Company, Associate or Group Venture Company.



## **VIGIL MECHANISM**

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

## **CORPORATE SOCIAL RESPONSIBILITY**

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, the Board of Directors of the Company has constituted Corporate Social Responsibility (CSR) Committee. Corporate Social Responsibility (CSR) is a good way of conducting business by which corporate entities visibly contribute to the society. The essence of CSR is to integrate the economic, environment and social objectives of the company's operations and growth. CSR is the process by which the organization thinks about and evolves its relationship with the society and demonstrates its commitment by giving back to the society for the resources it used.

The Composition, particulars of Meeting held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

During the year, the Company has spent Rs. 12,12,880/- on CSR activities. The Company has identified focus areas of engagement which have been enumerated in the Annual Report on CSR Activities attached as **Annexure-A**.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As on 31<sup>st</sup> March 2021, the Board consists of six members, two of whom are Executive Directors and 3 are Independent Directors and one is Non-Executive Directors.

Mrs. Archana P. Wani (DIN: (03121886) was appointed as Additional Non-Executive Directors of the Company with effect from 17<sup>th</sup> April, 2020 and has been regularized at the Annual General Meeting held on 28<sup>th</sup> December, 2020.



Mr. Nimit R. Ghatalia (DIN: (07069841) was appointed as an Additional Executive Director of the Company with effect from 01<sup>st</sup> July, 2020 and has been regularized at the Annual General Meeting held on 28<sup>th</sup> December, 2020.

Mr. Anil Mandal (DIN:( 08291619) was appointed as an Additional Independent Director of the Company with effect from 01<sup>st</sup> July, 2020 and has been regularized at the Annual General Meeting held on 28<sup>th</sup> December, 2020.

Mr. Rajesh P. Ghatalia had resigned from the position of Chief Financial Officer with effect from 08<sup>th</sup> December, 2020.

Mrs. Mira Mihir Ghatalia was appointed as the Chief Financial Officer of the Company with effect from 04<sup>th</sup> January, 2021.

Pursuant to the provisions of Section 203 of the Act, Mihir R Ghatalia Managing Director, Mrs. Mira Ghatalia, Chief Financial Officer and Mrs. Preeti Rathi, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

#### **INTER-SE RELATIONSHIP BETWEEN DIRECTORS:**

Mihir R Ghatalia Managing Director and Nimit R Ghatalia Director are relatives (siblings). Apart from this none of the Directors of the Company are in any way related to each other.

#### **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:

- a) that in preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures , if any;
- b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of financial year ended 31<sup>st</sup> March, 2021 and the profit/(Loss) of the Company for the year under review;
- c) 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;

- d) that the annual accounts for the year ended 31<sup>st</sup> March, 2021 have been prepared on a “going concern basis”
- e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) they devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **ANNUAL RETURN**

Annual Return as provided under Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, is available on the website of the Company at <http://www.aareydrugs.com/pdf/annual-return/MGT-7.pdf>

### **AUDITORS**

M/s. Motilal & Associates, Chartered Accountants (Firm Registration No: 106584W) were appointed as Statutory Auditors of the Company at the 30<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> December, 2020 for a term of five consecutive years from the conclusion of that Annual General Meeting to until the conclusion of 35<sup>th</sup> Annual General Meeting of the Company.

### **SECRETARIAL AUDIT REPORT**

The Secretarial Audit Report pursuant to the provisions of Section 204 for the financial year 2020-21 was obtained from M/s. Virendra Bhatt & Associates, Practicing Company Secretaries, which is annexed hereto as **Annexure B**.

The Board has re-appointed M/s. Virendra Bhatt & Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company for the financial year 2021-22.

### **The Company's reply to the Secretarial Auditor's Observations:**

The Secretarial Auditor has mentioned qualifications regarding the compliance of Regulations (3), 17(1), 19, 20, 30, 33, 34, 47 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other SEBI Circulars in his report.



Due to Covid-19 pandemic and nationwide lockdown imposed by Government of India, the Office of the Company was closed and the employees are not habited to do work from home so the Company has inadvertently delayed in filing the same.

In respect of non spending of funds under Corporate Social Responsibility, Company has calculated Corporate Social Responsibility amount on net profit after tax instead of profit before tax.

### **MEETINGS**

During the financial year 2020-21, 07 (seven) meetings of the Board of Directors and 06 (six) meetings of the Audit Committee were held. Details of these meetings and other Committees of the Board/General Meeting are given in the Report on Corporate Governance forming part of this Annual Report.

### **DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTOR**

All the Independent Directors of the Company have furnished a declaration to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and Regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'). In the opinion of the Board, all the Independent Directors possess the integrity, expertise and experience including the proficiency required to be Independent Directors of the Company, fulfill the conditions of independence as specified in the Act and the Listing Regulations and are independent of the management and have also complied with the Code for Independent Directors as prescribed in Schedule IV of the Companies Act, 2013

### **PERFORMANCE EVALUATION AND ITS CRITERIA:**

The Board of Directors carried out an evaluation of its own performance, of the Board, Committees and of the individual Directors pursuant to the provisions of the Act and Corporate Governance requirements as prescribed by the Listing Regulations.

The performance of the Board and its Committees was evaluated by the Board after seeking inputs from the Board / Committee Members based on criteria such as composition of the Board / Committees and structure, effectiveness of the Board / Committee processes, providing of information and functioning etc. The Board and the Nomination and Remuneration Committee reviewed the performance of individual Directors based on criteria such as attendance in Board /



Committee meetings, contribution in the meetings like preparedness on issues to be discussed etc.

The Independent Directors at its separate meeting held on 25<sup>th</sup> February, 2021 reviewed the performance of Non-Independent Directors and performance of the Board as a whole, performance of the Chairman of the Company taking into account the views of Executive and Non-executive Directors and assessed the quality, quantity and timeliness of flow of information to the Board to perform their duties effectively and reasonably.

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:**

The details of Loans given, Guarantees given and Investments made, if any and covered under the provisions of Section 186 of the Act, read with Companies (Meetings of Board and Its Powers) Rules, 2014 are given in the notes to the Financial Statements forming part of this Annual Report.

### **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.

### **INTERNAL FINANCIAL CONTROL SYSTEM**

The Board is responsible for establishing and maintaining adequate internal financial control as per Section 134 of the Act.

Your Company has in place an adequate system of internal controls to ensure compliance with various policies, practices and statutes. It has procedures covering all financial and operating functions and processes. These have been designed to provide a reasonable assurance with regards to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliance with regulations. Key controls have been tested during the year and corrective and preventive actions are taken for any weakness.

### **CHANGE IN THE NATURE OF BUSINESS (IF ANY):**

There is no material change in the type of business the Company is carrying.

### **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS (IF ANY):**

The Directors of your Company confirm that no frauds or instances of mis-management were reported by the Statutory Auditors under sub-section (12) of Section 143 of the Companies Act, 2013.

### **COMPLIANCE WITH SECRETARIAL STANDARDS:**

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

### **MATERIAL CHANGES AND COMMITMENT:**



Except as disclosed elsewhere in the Report, there have been no material changes and commitment affecting, the financial position of your Company, which have occurred between the end of the financial year of the Company and the date of this Report.

### **SIGNIFICANT AND MATERIAL ORDERS:**

No significant and material order has been passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

### **PARTICULARS OF RELATED PARTY TRANSACTIONS:**

All transactions entered into with related parties during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188(1) of the Act. Suitable disclosures as required by the Indian Accounting Standards (IndAS-24) have been made in the notes to the Financial Statements. The Board has a policy for related party transactions which has been uploaded on the Company's website\_ <http://www.aareydrugs.com/pdf/2-Related-Party-Transaction.pdf>

There were no material Related Party Transactions during the year. Accordingly, Form No. AOC-2, prescribed under the provisions of Section 134 (3)(h) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014, for disclosure of details of Related Party Transactions, which are not "not at arm's length basis" and also which are "material and arm's length basis", is not provided as an annexure to this Report as it is not applicable.

### **PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN:**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy who are also provided training about the Act.

During the year under review, no complaint was received.



## **POLICIES AND DISCLOSURE REQUIREMENTS:**

In terms of provisions of the Act and the Listing Regulations, the Company has adopted all the applicable policies. The policies are available on the website of the Company at <http://www.aareydrugs.com/financial.html>

All Directors and Senior Management Personnel have affirmed their adherence to the provisions of the Code of Conduct during the financial year 2020-21.

The Company's policy on Directors' appointment, remuneration and other matters provided in Section 178(3) of the Act forms part of Nomination and Remuneration Policy and has been disclosed in the Corporate Governance Report.

## **CORPORATE GOVERNANCE & VIGIL MECHANISM:**

A separate Corporate Governance Report on compliance with Corporate Governance requirements as required under Regulation 34(3) read with Schedule V to the Listing Regulations forms part of this Annual Report. The same has been reviewed and certified by Mr. Virendra G. Bhatt, Practising Company Secretary, the Secretarial Auditors of the Company and Compliance Certificate in respect thereof is attached as Certificate of Corporate Governance.

## **RISK MANAGEMENT:**

The Company has its Risk Management Plan & Policy in place which is also displayed on the website of the Company. In the opinion of the Board, during the financial year 2020-21, no elements of risk which may threaten the existence of the Company were noticed by the Board. The Committee monitors the risk management plan and ensures its effectiveness. The details of Committee are set out in the Corporate Governance Report

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management's Discussion and Analysis Report for the year under review, as stipulated under the Listing Regulations, is presented in a separate section, forming part of this Report.

## **PROMOTERS:**

The Promoter Group's holding in the Company as on 31<sup>st</sup> March, 2021 was 49.38% of the Company's paid up Equity Capital. The members may note that the shareholding and other details of Promoters has been provided in Annual Return as mentioned below.



## **DISCLOSURE REGARDING MAINTENANCE OF COST RECORDS UNDER SECTION 148 OF THE COMPANIES ACT, 2013:**

During the year under review, Maintenance of cost records under section 148 of Companies Act, 2013 is not applicable to the Company as the Company did not carry on any activity as specified in Table A and B of Rule 3 of the Companies (Cost Records and Audit) Rules, 2014.

## **EMPLOYEES:**

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

## **REMUNERATION:**

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

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

## **DISCLOSURE UNDER SECTION 164**

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

## **ACKNOWLEDGEMENTS**

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

For and on behalf of the Board of Directors

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

**Place: Mumbai**

**Date: 29<sup>th</sup> June, 2021**



**Annexure-B**

**Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2020-21**

*[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]*

1	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programs.	The Company has done various CSR activities in the areas of promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
2	Composition of Committee	1) Chetan Mehta- Chairperson 2) Mihir Ghatalia_- Member 3) Lalit Tulisiani_- Member
3	Average Net Profit of the Company for the last 3 Fy's	Rs. 83853295/-
4	Prescribed CSR Expenditure (2% of the amount mentioned in item 3 above)	Rs. 1677065/-
5	Details of CSR spent during the Financial Year a. Total amount spent for the Financial year. b. Amount unspent, if any. c. Manner in which the amount spent during the financial year.	Rs. 1212880_-/ Rs. 464186_- As per the Table of Amount spent on CSR activities mentioned below.
6	Reason for not spending the amount earmarked.	Company has calculated the Corporate Social Responsibility amount on net profit after tax instead of calculating on net profit before tax.



***Details of amount spent on CSR activities during the financial year 2020-21.***

Sr. No.	CSR Project or activity identified	Sector in which the project is covered (Clause No. of Schedule VII to the Companies Act, 2013).	Project or Program (1) Local area or other (2) specify the State and District where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the Projects or Programs Sub heads: (1) Direct Expenditure on Projects or Programs (2) Overheads
	Company has given the amount to be spent in Corporate Social Responsibility activities as mentioned in the Companies Act, 2013 to Aadhaar Foundation.			Rs 16,77,066/-	Rs 12,12,880/-

**For and on behalf of the board  
Aarey Drugs and Pharmaceuticals Limited**

**Place: Mumbai  
Date: 29<sup>th</sup> June, 2021**

**Chetan Mehta  
Chairperson  
DIN: 01639366**



## ANNEXURE TO DIRECTOR'S REPORT

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ANNEXURE – B

**Form No.: MR-3**

### **SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021

*[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 the Aarey Drugs and Pharmaceuticals Limited(hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provides me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's statutory registers, papers, minute books, forms and returns filed with the Registrar of Companies (“ROC”), soft copy of the various records sent over mail as provided by the Company and other relevant records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021(“audit period”), has prima facie complied with the statutory provisions listed hereunder:

I have examined the statutory registers, papers, minute books, forms and returns filed with the ROC and other relevant records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (‘the Act’) and the rules made there under;



- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment – applicable only to the extent of Foreign Direct Investments and Overseas Direct Investments;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

Though the following laws are prescribed in the format of Secretarial Audit Report by the Government, the same were not applicable to the Company for the financial year ended 31<sup>st</sup> March, 2021:-

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;



- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) I further report that, I rely on the Compliance Report of various laws placed before me by the Company.
- (vii) I have also examined compliance with the applicable clauses of the following and I am of the opinion that the Company has prima facie complied with the applicable provisions:
  - (a) Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.
  - (b) The Listing agreements entered into by the Company with Stock Exchange read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)

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

- i. The Company does not have six Directors till 01<sup>st</sup> July, 2020 as required under Regulation 17(1) of Listing regulations and the BSE Limited has levied the penalty for the same and the Company has subsequently paid.*
- ii. The Company has delayed in making disclosure to the BSE Limited regarding the appointment of Directors as required to be disclosed under Regulation 30 of Listing Regulations.*
- iii. The Constitution of the Nomination and Remuneration Committee from 29<sup>th</sup> January, 2020 till 15<sup>th</sup> April, 2020 and Stakeholder Relationship Committee*



*24<sup>th</sup> January, 2020 till 17<sup>th</sup> April, 2020 was not in compliance with the Regulation 19 and 20 of Listing regulations and the BSE Limited v has levied the penalty for the same and subsequently withdrawn by the BSE Limited.*

- iv. The Company has delayed in filing of Financial Results for the 4<sup>th</sup> quarter under Regulation 33 of Listing Regulations and the BSE Limited has levied the penalty for the same and the Company has subsequently paid.*
- v. The Company has not disclosed all the relevant details of appointment / resignation of Directors and CFO as required to be disclosed under the SEBI Circular No.: CIR/CFD/CMD/4/2015 Dated 09<sup>th</sup> September, 2015 and also delayed in filing the details to the Depository.*
- vi. The Company has not published the Notice of the Board Meeting held for approval of results for 4<sup>th</sup> quarter in the Newspapers and delayed in publication of the Notice of the Board Meeting held for approval of results for 2<sup>nd</sup> quarter as per Regulation 47 of Listing Regulations.*
- vii. The Company has delayed in filing of intimation of Closure of Trading Window for the quarter ended 31<sup>st</sup> March, 2020.*
- viii. The Compliance Officer has not signed the Compliance Report under Regulation 7(3) of Listing Regulations.*
- ix. The Company has delayed in filing of the statement of Assets and Liabilities and statement of Cash Flows under Regulation 33 of Listing Regulations for 2<sup>nd</sup> quarter.*
- x. The Company has delayed in submission of the Annual Report and Notice of AGM under Regulation 34 of Listing Regulations.*
- xi. The Company has short fall of Rs. 4,64,186/- under Corporate Social Responsibility as per Section 135 of the Companies Act, 2013.*

I further report that:-



1. I have not examined the Financial Statements, Financial books and related financial Act like Income Tax, Sales Tax, Value Added Tax, Goods and Services Tax, ESIC, Provident Fund, Professional Tax, Foreign Currency Transactions, Related Party Transactions, Borrowings, Loans etc., for these matters, I rely on the report of statutory auditors and their observations, if any, and notes on accounts in Financial Statement for the year ended 31<sup>st</sup> March, 2021.
2. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.
3. As per the information provided, the Company has prima facie given adequate notice to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.
4. I was informed and I observed from the minutes of the Board and Committee Meetings that all the decisions at the Meetings were prima facie carried out unanimously.
5. There are prima facie adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines subject to observations and qualifications, if any made by the Statutory Auditors in their report.
6. The management is responsible for compliances of all business laws. This responsibility includes maintenance of statutory registers/files required by the concerned authorities and internal control of the concerned department.
7. During the audit period, as per the information provided by the Company, prima facie there were no instances of transaction in the securities of the Company during the closure of window.



8. During the audit period, the Company has prima facie filed Forms under the Companies Fresh Start Scheme, 2020 ("CFSS"), Additional Fees Waiver Scheme and One Form filed with additional fee.
9. I further report that during the audit period, there were no instances of:
  - i. Public/ Rights/debentures/ sweat equity, etc.;
  - ii. Issue of equity shares under Employee Stock Option Scheme;
  - iii. Redemption / Buy- Back of securities;
  - iv. Major decisions taken by the Members in pursuance to the Section 180 of the Companies Act, 2013 which would have major bearing on the Company's affairs;
  - v. Merger / amalgamation / reconstruction etc.;
  - vi. Foreign Technical Collaborations.

I further report that:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of Company.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.



6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. I have conducted online verification and examination of records, as facilitated by the Company due to Covid-19 and subsequent lockdown situation for the purpose of issuing this Report.

**Date: 29<sup>th</sup> June, 2021**

**Place: Mumbai**

**UDIN:A001157C000535911**

**Virendra G. Bhatt**

**Practicing Company Secretary**

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

**Peer Review Cert. No.: 491/2016**



## ANNEXURE TO DIRECTOR'S REPORT

### ANNEXURE-C

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013, 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	2020-2021	2019-2020
(i) Electricity Purchased:		
Units (KWH)	6,24,941 KWH	6,89,246 KWH
Total Amount (Rs.)	63,97,668	76,50,489
Rate/ Unit (Rs.)	10.23	11.10
(ii) Own generation		
a) Through diesel generator	2960 KWH	3840 KWH
Units per ltr. Of diesel Oil	3.3 KWH	3.7 KWH
Cost/unit	23.87	21.43



<b>b) Through steam turbine/ generator</b>		
<b>Unit</b>	<b>NIL</b>	<b>NIL</b>
<b>Unit per ltr. Of fuel oil/ gas</b>	<b>NIL</b>	<b>NIL</b>
<b>Cost/ Unit</b>	<b>NIL</b>	<b>NIL</b>
<b>(III) Coal</b>		
<b>Quantity (tones)</b>	<b>554.122 MT</b>	
<b>Total Cost</b>	<b>41,64,646</b>	
<b>Average rate</b>	<b>7,515.75/ MT</b>	
<b>(iv) Furnance Oil/ Diesel</b>	<b>Furnace Oil</b>	
<b>Quantity (m.t.)</b>	<b>123.780</b>	<b>275.620</b>
<b>Total Amount (Rs.)</b>	<b>39,24,557</b>	<b>89,16,575</b>
<b>Average Rate (Rs.)</b>	<b>31.70</b>	<b>32.35</b>
<b>(v) Others/ Internal generation</b>		
<b>Quantity</b>		
<b>Total Cost</b>		
<b>Rate/ unit</b>		

**C. ACTUAL PRODUCTION :**

	<b>Quantity (in MTS) 2019-2020</b>	<b>Quantity (in MTS) 2018-2019</b>
<b>Total Production</b>		<b>349.460 MT</b>
<b>RESEARCH &amp; DEVELOPMENT (R &amp; D):</b>		



i) Specific areas in which R & D is conducted By the company:		
Benefits derived as a result of above R & D :		
Further Plan of Action :		
Management Review		
Expenditure on R&D :		
	<b>2020-2021</b>	<b>2019-2020</b>
a) Capital	----- --	----- -
b) Recurring	----- --	----- -
Total		
c) Total R&D Expenditure as a Percentage of total turnover		

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

	<b>2020-2021</b> <b>(Rs.)</b>	<b>2019-2020</b> <b>(Rs.)</b>
<b>a)</b> Efforts, in brief, made towards technology Absorption, adaption and innovation		
b) Benefits derived as a result of the above		
	<b>2020-2021</b>	<b>2019-2020</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
<b>c)</b> In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)		



1.Technology import		
2.Year of import		
3.Has technology 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:**

	<b>2020-2021</b> <b>(Rs.)</b>	<b>2019-2020</b> <b>(Rs.)</b>
Activities relating to exports ; initiative taken		
To increase exports ;development of new		
Exports markets for products and services;and export plans;		
Total Foreign Exchange used	17528160	8135047
Total Foreign Exchange earned (F.O.B.)	2970675	911928

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

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

**Place: Mumbai**  
**Date: 29<sup>th</sup> June, 2021**



## **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.253.04Cr. This has been mainly possible due to the efforts put in to achieve growth. The increased sales also reflect the improved performances of the company.

The paid-up equity share capital stood at Rs. 23.38Cr. The Earnings per Share were Rs.2.79 As the company is going for expansion hence dividend not recommended.

### **RESOURCES AND LIQUIDITY**

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

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

The Company maintains effective internal controls, systems and procedures for management of its business. As a part of this process, system and procedures are regularly reviewed and strengthened. The internal controls systems cover the accounting, production and administration functions. The Company has appointed an outside internal audit agency to further assess the systems and provide valuable feedback on the systems and areas of improvement of the same.



The Company has a proper and adequate system to ensure that all assets are safeguard and protected against loss, theft, unauthorized use and damage from improper use.

## **HUMAN RESOURCES / DEVELOPMENT**

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

## **OUTLOOK**

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



## **CORPORATE GOVERNANCE**

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

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

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

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

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

The composition of the Board, details of other directorships, committee positions as on 31<sup>st</sup> March, 2021 and attendance of Directors at the Board Meetings and at the Annual General Meeting ('AGM') held during the year under review are given in the table below:

Name of Directors	Designation	Directorship in other public Limited Companies #	Other Companies Committee	
			Membership	Chairperson
Mr. Mihir R. Ghatalia	Chairman and Managing Director	2	1	Nil
Mr. Chetan K.Mehta	Non Executive Independent Director	1	2	1
Mr. Lalit Tulsiani	Non Executive Independent Director	1	1	2
Smt. Archana P Wani*	Non Independent Non Executive Director	1	1	Nil



Mr. Nimit R. Ghatalia**	Executive Director	2	2	Nil
Mr. Anil Mandal***	Non Executive Independent Director	1	Nil	Nil

\*Appointed w.e.f 17/04/2020

\*\*Appointed w.e.f 01/07/2020

\*\*\*Appointed w.e.f 01/07/2020

# The number of Directorships excludes Directorships in Private Limited Companies

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

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

Name of Directors	Name of Listed Entities in which he is Director	Category of Directorship
Mr. Mihir Ghatalia	Worth Investment and Trading Company Limited	Executive Director
Mr. Chetan Mehta	Worth Investment and Trading Company Limited	Independent Non Executive Director
Mr. Lalit Tulsiani	Worth Investment and Trading Company Limited	Independent Non Executive Director
Mrs. Archana Wani	Worth Investment and Trading Company Limited	Non Independent Non Executive
Mr. Nimit Ghatalia	Worth Investment and Trading Company Limited	Executive Director



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

Seven Board Meetings were held during the Financial Year 2020-21. The dates on which meetings were held are 17/04/2020, 10/08/2020, 25/08/2020, 12/11/2020, 05/12/2020, 04/01/2021 and 13/02/2021.

Name of Directors	No. of Board Meeting Held	No. of Board Meeting attended	Attendance at last AGM
Mr. Mihir R. Ghatalia	7	7	Yes
Mr. Chetan K.Mehta	7	7	Yes
Mr. Lalit Tulsiani	7	7	Yes
Smt. Archana Wani*	7	6	Yes
Mr. Nimit R Ghatalia**	7	6	Yes
Mr. Anil Mandal***	7	6	Yes

\* Appointed w.e.f 17/04/2020

\*\* Appointed w.e.f 01/07/2020

\*\*\* Appointed w.e.f 01/07/2020

The meetings of the Board of Directors are scheduled well in advance and the folder containing agenda for the meeting with detailed review of all aspects of the Company business, including Performance of the Company, Employee relations, details of Investments, Capital Expenditure, etc. is circulated to all the Directors before 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.

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

Mr. Mihir Ghatalia, Managing Director, is the son of Mr. Rajesh Ghatalia, CFO\* and brother of Mr. Nimit Ghatalia except this, there are no inter –se relationships.

\* Resigned as on 08/12/2020

**d) Skills/expertise/competence of the Board of Directors:-**



The Board of Directors possess relevant skills, expertise and competence for the effective functioning of the Company.

Srno	Name of Directors	Leadership	Pharma expertise	Accounting experience	Strategy & Planning	Sales and other development
1	Mr. Mihir Ghatalia	✓	✓		✓	✓
2	Mr. Nimit Ghatalia	✓	✓		✓	✓
3	Mr. Chetan Mehta			✓	✓	✓
4	Mr. Lalit Tulsiani	✓	✓	✓	✓	✓
5	Mrs. Archana Wani		✓		✓	✓
6	Mr. Anil Mandal				✓	✓

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

As on 31<sup>st</sup> March, 2021 only Lalit Tulsiani holds 840 shares in the Company.

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

The details of the Familiarisation Programme for ID's are available on <http://www.aareydrugs.com/pdf/5.%20Familiarisation%20Programmes.pdf>

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

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



section 149(6) of the Act read with Regulation 16(1)(b) of the SEBI Listing Regulations and are independent of the management.

Further, a separate meeting of the Independent Directors was held on 25<sup>th</sup> February, 2021. All the Independent Directors were present at the said meeting.

Mr. Anil Mandal, was appointed as an Independent Director appointed w.e.f 01/07/2020.

### **3. AUDIT COMMITTEE**

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

As on 31<sup>st</sup> March, 2021 the Composition of Audit Committee comprised of Mr. Mihir Rajesh Ghatalia, Mr. Chetan Kirit Mehta and Mr. Lalit Radhakrishna Tulsiani.

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

During the financial year 2020-21 the Audit Committee met six times i.e. on 18/04/2020, 10/08/2020, 25/08/2020, 12/11/2020, 04/01/2021 and 13/02/2021. The attendance of the members at the meetings are as under:

<b>Name of Members</b>	<b>Category</b>	<b>Designation</b>	<b>No. of Meetings Attended</b>
Mr. Chetan K. Mehta	Non-Executive-Independent	Chairman	6
Mr. Mihir Rajesh Ghatalia	Chairman & Managing Director	Member	6
Mr. Lalit Tulsiani	Non-Executive-Independent	Member	6

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

#### **(i) Terms of reference**



Pursuant to the SEBI Listing Regulations and Section 177 of the Act, the role of the Audit Committee broadly covers as under:

#### Financial Reporting and other Financial Matters

- Oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- Reviewing with the management, quarterly unaudited financial statements and annual audited financial statements & Auditors' Report thereon before submission to the Board for approval. Review of annual financial statements inter alia includes reviewing changes in Accounting Policies, if any, major accounting entries involving estimates, significant adjustments made in financial statements, qualifications in draft Audit report, if any;
- Reviewing management discussion and analysis of financial condition and results of operations;
- Scrutiny of inter-corporate loans & investments;
- Monitoring the performance of the unlisted subsidiaries by reviewing their financial statements including the investments made by them; and
- Reviewing the utilisation of loans and/or advances from/investment by the Company in the subsidiary exceeding ` 100 crore or 10% of the asset size of the subsidiary, whichever is lower.

#### Audit & Auditors, Internal Controls

- Recommending the appointment, remuneration and terms of appointment/re-appointment, if required, replacement or removal of auditors, fixation of statutory audit fees and approval of payment for any other services rendered by the Statutory Auditors, as permitted;
- Recommending appointment and remuneration of Cost Auditors;
- Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- Reviewing the adequacy of internal audit function and internal control systems including internal financial controls; and discussion with Internal Auditors any significant findings and follow-up thereon; and
- Reviewing significant audit findings from the statutory and internal audits.



#### Other Matters

- Approval of all Related Party Transactions;
- Evaluation of Internal Financial Controls and Risk Management Systems;
- Appointment of CFO; and
- Reviewing the functioning of Whistle Blower Mechanism.
- The Audit Committee has all the powers as specified in Regulation 18 of the SEBI Listing Regulations to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary and pursuant to Section 177 of the Act.

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

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

##### **(i) Terms of Reference**

The terms of reference of Nomination and Remuneration Committee ('NRC'), inter alia, includes the following:

- Identification of persons who are qualified to become Directors and who may be appointed at Senior Management position in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- Recommendation for fixation and revision of remuneration packages of Managing Director and Executive Directors to the Board for review and approval;
- Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of every Director and carry out performance evaluation of Directors;
- Devising a policy on diversity of board of directors;
- Extension or continuation of term of appointment of the Independent Director, on the basis of the report of performance evaluation of the Independent Directors.
- Recommend to the Board, all remuneration, in whatever form, payable to



Senior Management.

the weblink thereto is <http://www.aareydrugs.com/pdf/Nomination-and-Remuneration-Policy.pdf>

**b)Composition:**

As on 31<sup>st</sup> March, 2021 the Nomination and Remuneration Committee comprised of Mr. Chetan Mehta, Mrs. Archana Wani and Mr. Lalit Tulsiani.

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

During the financial year the Nomination and Remuneration Committee met four times i.e on 15/04/2020, 01/07/2020, 08/12/2020 and 04/01/2021. The attendance of the members at the meetings are as under.

Name of Members	Category	Designation	No of meetings attended
Mr. Lalit Tulsiani	Non-Executive-Independent	Chairman	4
Mr. Chetan K. Mehta	Non-Executive-Independent	Member	4
Mrs. Archana Wani*	Non-Executive-Independent	Member	3

\* Appointed as a member of Nomination and Remuneration Committee w.e.f 17/04/2020

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

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

**5. REMUNERATION OF DIRECTORS:**

Name of	Salary	Perquisites or	Contribution to PF &	Sitting Fees	Total
---------	--------	----------------	----------------------	--------------	-------



Directors		Allowances	others		
Mihir R. Ghatalia	602100	474541.26	-	-	1074541.26
Chetan K. Mehta	-	-	-	-	-
Lalit R. Tulsiani	-	-	-	-	-
Archana Wani*	-	-	-	-	-
Nimit Ghatalia**	225000	80267	-	-	305267
Anil S. Mandal***	-	-	-	-	-

\*Appointed w.e.f 17/04/2020

\*\*Appointed w.ef 01/07/2020

\*\*\*Appointed w.e.f 01/07/2020

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

a. The Committee comprises of the following members

Name of the Director	Category	Designation
Mrs. Archana Wani*	Non-Executive- Non-Independent	Chairperson
Mr. Mihir R. Ghatalia	Managing Director	Member
Mr. Chetan K. Mehta	Non-Executive- Independent	Member

\* Appointed w.e.f 17/04/2020 as chairperson of Stakeholders Relationship Committee

The Stakeholders Relationship Committee met 3 times during the year under review. The said meetings were held on 02/07/2020, 15/10/2020 and 13/01/2021.



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

## **7. COPORATE SOCIAL RESPONSIBILITY COMMITTEE:-**

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

As on 31<sup>st</sup> March 2021 the Composition of Corporate Social Responsibility Committee comprised of Mr. Mihir Rajesh Ghatalia, Mr. Chetan Kiritbhai Mehta and Mr. Lalit Radhakrishna Tulsiani

### **b) Meeting and attendance during the year**

During the Financial year 2020-21 the Corporate Social Responsibility Committee met one time i.e as on 20/08/2020

<b>Name of the Director</b>	<b>Category</b>	<b>Designation</b>
Mr. Chetan Mehta	Non-Executive- Non-Independent	Chairman
Mr. Mihir R. Ghatalia	Managing Director	Member
Mr. Lalit Tulsiani	Non-Executive- Independent	Member

b. Name & Designation of Compliance Officer: Mrs. Preeti Paresh Rathi  
107, Sahakar Bhavan,  
Narshi Natha Street 340348,  
Masjid Bunder,  
Mumbai- 400009  
Phno:- 022-62872900

c. Number of Shareholder Complaints received during the year 2020-21: **Nil**

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

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

## **7. GENERAL BODY MEETINGS**

Details of last three Annual General Meetings:



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

Year	AGM/ EGM	Date	Time	Venue	Special Resolution Passed
31 <sup>st</sup> March, 2020	AGM	28/12/2020	9:15A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	1) Re- appointment of Mr. Chetan Mehta as Independent Director.
31 <sup>st</sup> March, 2019	AGM	30/09/2019	9:15A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	2) Re- appointment of Mr. Mihir R. Ghatalia as Managing Director.
31 <sup>st</sup> Marc h, 2018	AGM	29/09/2018	9.15 A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	1) Appointment of Mr. Mihir R. Ghatalia as Chairman and Managing Director.

During the year ended 31st March, 2021 no resolution proposed to be passed through postal ballot.

## **8. MEANS OF COMMUNICATION**

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



## **9. GENERAL SHAREHOLDERS INFORMATION**

a) Annual General Meeting:

- Date & Time : Saturday, 11<sup>th</sup> September, 2021 at 9.15 a.m
- Venue : E-34, MIDC, Tarapur, Boisar, Thane – 401506

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

1st April, 2021 to 31st March, 2022

QUARTER RELEASE DATE	TENTATIVE AND SUBJECT TO CHANGE
1 <sup>ST</sup> Quarter ending 30 <sup>th</sup> June	On or before 14 <sup>th</sup> August, 2021
2 <sup>nd</sup> Quarter ending 30 <sup>th</sup> September	On or before 14 <sup>th</sup> November, 2021
3 <sup>rd</sup> Quarter ending 31 <sup>st</sup> December	On or before 14 <sup>th</sup> February, 2022
4 <sup>th</sup> Quarter ending 31 <sup>st</sup> March	On or before 30 <sup>th</sup> May, 2022

**Book Closure Date:** 05<sup>th</sup> September 2021 to 11<sup>th</sup> September 2021 (both days inclusive)

c) **Dividend Payment date:** The Board has not recommended any dividend on Equity Shares of the Company for the year ended 31<sup>st</sup> March, 2021.

d) **Equity Shares Listed** : BSE Limited (BSE)  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai-400 001

e) **Listing Fees:** The Company has paid the Listing fees for the financial Year 2021-22.

f) **Stock code:** 524412

g) **ISIN:** INE198H01019

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



MONTH	HIGH	LOW
April –2020	25.90	13.10
May -2020	20.30	17.10
June –2020	25.00	16.90
July-2020	19.70	16.50
August-2020	42.00	16.15
September-2020	37.00	24.60
October-2020	33.70	24.55
November-2020	26.00	22.50
December-2020	32.90	23.50
January-2021	32.50	26.05
February-2021	31.15	26.20
March-2021	28.40	22.15

- i) **Trading of Securities:** The Securities of the Company were not suspended from trading at any time during the financial year 2020-21.
- j) Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc;





**k) Registrar and Share Transfer Agent: LINK INTIME INDIA PRIVATE LIMITED.**

C-101, 247 Park, LBS Marg,  
Vikhroli (W), Mumbai-400083  
Fax No. : 022 49186060  
E-Mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**l) Share Transfer System:**

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

**m) Distribution of Shareholding as at 31<sup>st</sup> March, 2021**

SHAREHOLDING OF NOMINAL SHARES	Shareholders		Share Amount (Rs)	
	Nos.	%	Rs.	%
1-500	8589	79.2636	1268284	5.4236
501-1000	1050	9.6899	846879	3.6215
1001-2000	527	4.8634	830319	3.5507
2001-3000	209	1.9288	551302	2.3575
3001-4000	92	0.849	326633	1.3968
4001-5000	102	0.9413	484491	2.0718
5001-10000	129	1.1905	1012904	4.3315
100001 & above	138	1.2735	18063872	77.2466

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

As at 31<sup>st</sup> March, 2021



Total Fully paid shares	No. of paid up	Shares in demat form	Percentage (%)	Shares in physical form	Percentage (%)
23384684		22784105	97.43%	600579	2.57%

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

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

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

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

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

**p) Address For Correspondence:** 107, Sahakar Bhavan, Narshi Natha Street 340/348, Masjid Bunder, Mumbai- 400009

**q) Credit Ratings:** Ratings assigned in the FY 2020-21 as ACUTE BBB/-Outlook: Stable from ACUTE Ratings and Research.

**10. DISCLOSURES:**

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

**b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchange(s) during the last three years:**

**1) Non Compliance by the Company during the Financial year 2020-21**

- i. The Company does not have six Directors till 01st July, 2020 as required under Regulation 17(1) of Listing regulations and the BSE Limited has levied the penalty for the same and the Company has subsequently paid.



- ii. The Company has delayed in making disclosure to the BSE Limited regarding the appointment of Directors as required to be disclosed under Regulation 30 of Listing Regulations.
- iii. The Constitution of the Nomination and Remuneration Committee from 29th January, 2020 till 15th April, 2020 and Stakeholder Relationship Committee 24th January, 2020 till 17th April, 2020 was not in compliance with the Regulation 19 and 20 of Listing regulations and the BSE Limited v has levied the penalty for the same and subsequently withdrawn by the BSE Limited.
- iv. The Company has delayed in filing of Financial Results for the 4th quarter under Regulation 33 of Listing Regulations and the BSE Limited has levied the penalty for the same and the Company has subsequently paid.
- v. The Company has not disclosed all the relevant details of appointment / resignation of Directors and CFO as required to be disclosed under the SEBI Circular No.: CIR/CFD/CMD/4/2015 Dated 09th September, 2015 and also delayed in filing the details to the Depository.
- vi. The Company has not published the Notice of the Board Meeting held for approval of results for 4th quarter in the Newspapers and delayed in publication of the Notice of the Board Meeting held for approval of results for 2nd quarter as per Regulation 47 of Listing Regulations.
- vii. The Company has delayed in filing of intimation of Closure of Trading Window for the quarter ended 31st March, 2020.
- viii. The Compliance Officer has not signed the Compliance Report under Regulation 7(3) of Listing Regulations.
- ix. The Company has delayed in filing of the statement of Assets and Liabilities and statement of Cash Flows under Regulation 33 of Listing Regulations for 2nd quarter.
- x. The Company has delayed in submission of the Annual Report and Notice of AGM under Regulation 34 of Listing Regulations.



2) Non Compliance by the Company during the Financial year 2019-20

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



for three days from 28th May, 2019 to 30th May, 2019 and Board Meeting was held on 30th May, 2019.

- viii. The Company has not disclosed to the Stock Exchange regarding the sad demise of Mrs. Damayanti Ghatalia as required to be disclosed under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, but Company has disclosed in the Outcome of Board Meeting dated 29th January, 2020.
  - ix. Mr. Lalit Tulsiani appointed as an Additional Director and Mr. Anil Mandal resigned from the post of Independent Director with effect from 29th January, 2020 but the Company had delayed in filing of disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and they have filed on 24th February, 2020.
  - x. The Company has delayed in intimation of the changes of the Director and Compliance Officer to the depositories as required under the SEBI Circular No.: SEBI/HO/CFD/DCR1/CIR/P/2018/85 dated 28th May, 2018.
  - xi. The Promoter of the Company had transacted in the securities of the Company and triggered Regulation 29(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 but not disclosed the same.
  - xii. The Promoter of the Company had transacted in the securities of the Company and triggered Regulation 7(2) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 but not disclosed the same.
- 3) Non Compliance by the Company during the Financial year 2018-19
- a) Un-audited results for the Quarter ended 30th June, 2018 was approved on 14th August, 2018 and same were published in Newspapers on 17th August, 2018 by one day delay.
  - b) The Company has not closed its trading window for designated persons at the time of Board Meeting held on 14th November, 2018 to consider Un-audited Financial Results for the quarter ended 30th September, 2018.
  - c) The Board Meeting held on 30th November, 2018 and 14th February, 2019 for considering matter of Interim Dividend and to consider Un-audited Financial Results for the quarter ended 31st December, 2018 as per regulation 9 read with Schedule B of SEBI



(Prohibition of Insider Trading) Regulations, 2015 the trading window for designed persons shall not re-open earlier than forty-eight hours after the information becomes generally available but window were re-open on next day of Board Meeting.

- d) The Company has intimated regarding matter to be considered at Board Meeting regarding appointment of Mr. Anil Mandal as the Director of the Company but not intimated to Stock Exchange in outcome of Board Meeting.
- e) The Company has filed Voting Results in PDF along with Scrutinizer's Report of Annual General Meeting held on 29th September, 2018 within time and but in XBRL mode filed on 10th October, 2018.
- f) The Company shall maintain a functional website containing the basic information and other information as prescribed but the Company failed to provide all the information as required to be disclosed on website.
- g) The relative of Promoter has transacted in the securities of the Company and triggered Regulation 29(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 TWO times but not disclosed the same.
- h) The Company has delayed in filing Compliance Certificate as per Regulation 7(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended 31st March, 2019 and same was submitted on 6th May, 2019.

**c) Vigil Mechanism, Whistle Blower Policy, and affirmation that no Personnel has been denied access to the Audit Committee:** The Company has established a vigil mechanism for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of code of conduct or ethics policy. The policy is available on <http://www.aareydrugs.com/pdf/4.%20Whistle%20Blower%20Vigil%20Mechanism.pdf>

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

**e) Web – link for policy determining ‘material’ subsidiaries:** The Company does not have any subsidiary as defined under the Companies Act, 2013, but the Company has adopted the policy which is available on the website <http://www.aareydrugs.com/pdf/4.%20Whistle%20Blower%20Vigil%20Mechanism.pdf>.



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

There were no materially significant related party transactions with the promoters, Directors etc that may have potential conflicts with the interest of the company at large. The web link is <http://www.aareydrugs.com/pdf/2-Related-Party-Transaction.pdf>

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

**h) Acceptance of Recommendation from the Committee:** During the financial year, the Board of Directors of the Company has accepted all the recommendation of all the committees.

**i) Total fees for all services paid to the Statutory Auditors:** The total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is Rs 2,28,000/- as mentioned in Financial statement.

**j) Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition And Redressal) Act, 2013:**

- a. number of complaints filed during the financial year - Nil
- b. number of complaints disposed of during the financial year - Nil
- c. number of complaints pending as on end of the financial year - Nil

**k) Compliance of the requirement of Corporate Governance Report:** During the Financial year 2020-21, the Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of the Point C of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, except the Composition of Board of Directors of the Company was not complete as on 31.03.2020 due to covid-19 and continued lockdown.

**o) Disclosures with respect to demat suspense account/ unclaimed suspense account:** The Company does not have any of its securities lying in demat/unclaimed suspense account arising out of unclaimed shares as at 31st March, 2021, as of now only first reminder under regulation 39(4) of SEBI (LODR) has been sent.

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



## CERTIFICATE OF CORPORATE GOVERNANCE

To,

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

I have examined the compliance of Corporate Governance by the **Aarey Drugs and Pharmaceuticals Limited** ('the Company') for the year ended 31<sup>st</sup> March, 2021, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') as referred to in Regulation 15(2) of the SEBI Listing Regulations for the year ended 31<sup>st</sup> March, 2021.

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

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

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

**Date: 29<sup>th</sup> June, 2021**

**Place: Mumbai**

**Virendra G. Bhatt**

**Practicing Company Secretary**

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

**Peer Review Cert. No.: 491/2016**

**UDIN: A001157C000535878**

### **Note:**

*I have conducted online verification and examination of records, as facilitated by the Company due to Covid-19 and subsequent lockdown situation for the purpose of issuing this Report.*



## CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To, The Board of Directors

AAREY DRUGS & PHARMACEUTICALS LTD

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

- (a) I have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2021 and based on our knowledge and belief, I state that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - (ii) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) I further state that to the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company’s code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
  - (i) Significant changes, if any, in the internal control over financial reporting during the year;
  - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

Mira Mihir Ghatalia

Place: Mumbai

**Chief Financial Officer**

Date: 29<sup>th</sup> June, 2021



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its Officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31<sup>st</sup> March, 2021 have been disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs:

Sr. No.	Name of the Director	Current Designation	DIN	Date of Appointment at current Designation	Original Date of Appointment
1.	Mihir Rajesh Ghatalia	Chairman and Managing Director	00581005	09/02/2018	02/08/2004
2.	Chetan Kiritbhai Mehta	Independent Director	01639366	02/06/2008	02/06/2008
3.	Lalit Radhakrishna Tulsiani	Independent Director	01652630	28/12/2020	02/12/2004



4.	Archana Pramod Wani	Non-Executive Director	03121886	28/12/2020	17/04/2020
5.	Nimit Rajesh Ghatalia	Executive Director	07069841	28/12/2020	01/07/2020
6.	Anil Mandal	Independent Director	08291619	28/12/2020	14/11/2018

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

**Date: 20<sup>th</sup> April, 2021**  
**Place: Mumbai**

**Virendra G. Bhatt**  
**Practicing Company Secretary**  
**ACS No.: 1157 / COP No.: 124**

**UDIN: A001157C000134697**

**Note:**

*1.) During the review period, upto 01<sup>st</sup> July, 2020, the Composition of the Board of Directors were not in compliance with the Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as the Company does not have six Directors till 01<sup>st</sup> July, 2020.*

*2.) Due to prevailing conditions owing to the COVID-19, I am unable to verify the partial information physically, therefore I rely on the information provided by the Company in electronic mode.*



## DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

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

Dear Sir,

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

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

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

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

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

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

Thanking You,

Yours Faithfully,

- 1) Chetan K Mehta
- 2) Lalit R Tulsiani
- 3) Anil Mandal

Date: 29.06.2021

Place: Mumbai



## INDEPENDENT AUDITOR'S REPORT

To the Members of **AAREY DRUGS & PHARMACEUTICALS LTD**

### Report on the Audit of the Financial Statements

#### OPINION

We have audited the financial statements of **AAREY DRUGS & PHARMACEUTICALS LTD** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2021, the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2021, and profit/loss, changes in equity and its cash flows for the year ended on that date.

#### BASIS FOR OPINION

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

#### KEY AUDIT MATTERS

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

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



## **1. REVENUE RECOGNITION**

Authenticity of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers” (new revenue accounting standard) The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period.

### **AUDITOR RESPONSE**

We have assessed the Company’s process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and testing as follows:

- Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.
- Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, performance and inspection of evidence in respect of operation of these controls

## **2. STATUTORY LIABILITIES**

The Company has various tax litigations pending before various authorities, the outcome of which are material but not practicable for the Company to estimate the timings of cash outflows.

### **AUDITOR’S RESPONSE**

For legal, regulatory and tax matters our procedures included examining external legal opinions obtained by management; meeting with regional and local management and examining relevant Group correspondence; discussing litigations with the Company’s legal counsel and tax head; assessing management’s conclusions through understanding precedents set in similar cases; and circularization, where appropriate, of confirmations to third party legal representatives regarding certain material cases



We also involved our internal tax specialists to gain an understanding and to determine the level of exposure for tax litigations of the Company.

In light of the above, we examined the level of provisions recorded in financial statements.

## **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

## **OTHER MATTER**

The Financial Statements for the financial year ended 31<sup>st</sup> March 2020 and prior periods were audited by the previous Statutory Auditor. We have relied upon Financial Statements and Audit Reports of the preceding Statutory Auditor for all such previous periods.



## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*for* **Motilal & Associates LLP**

*Chartered Accountants*

**ICAI FRN: 106584W**

*(formerly Known as Motilal & Associates)*

**M. H. Jain**

*Partner*

**Membership No. 036811**

**Place : Mumbai**

**Date : 29/06/2021**

**UDIN : 21036811AAAAFI7586**



## ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **AAREY DRUGS & PHARMACEUTICALS LTD** of even date)

- (i) In respect of the Company’s fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification that, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii)
  - a) As explained to us the inventories have been physically verified by the management during the year at reasonable intervals. The Company could not conduct the physical verification of inventories for the year-end 31st March, 2021 on account of health, travel and safety concerns due to COVID-19 pandemic. The Company’s management, however, conducted physical verification of inventories on dates other than the date of financial statements, but prior to the date of the board meeting to be held for the purpose of adopting the financial statements, at certain locations (factories and warehouses) and has made available the documents in confirmation thereof.

We have performed alternate audit procedures based on documents and other information made available to us to audit the existence of inventories.
  - b) On the basis of our examination, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification and records maintained by the Company.
- (iii) According to the information and explanations given to us, the company has granted loans, secured or unsecured to one (1) company, firm, Limited Liability Partnership or other party covered in the register maintained under section 189 of the Companies Act, 2013 having maximum outstanding balance during the year of Rs. 2,62,300 /- and balance as of 31<sup>st</sup> March 2021 of Rs. 48,813/-.



- a) According to information and explanations given to us and based on the audit Procedures performed by us, the terms and conditions of the loans granted to the Party is interest free however, the same is not prejudicial to the company's interest on account of the fact that the said loan is so far not material;
- b) No schedule of repayment of principal and payment of interest has been stipulated. Therefore, we cannot comment on the same;
- c) The amount is not overdue for more than 90 days since it is repayable on Demand.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investment and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at 31<sup>st</sup> March, 2021 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- (vi) As per the information and explanation given to us, the maintenance of cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the Company and hence not commented upon.
- (vii) a) The Company has generally been regular in depositing undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales-tax, Service Tax, Customs duty, Excise duty, Value Added Tax, cess and any other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales tax, Service Tax, Customs duty, Excise duty, Value Added Tax, cess and any other material statutory dues in arrears, as at March 31, 2021 for a period of more than six months from the date they became payable except for the following:

Name of the Statue	Nature of Dues	Amount (in Rs)	Period to which Amount relates	Due Date	Date of Payment
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Income Tax Act, 1961	Short Payment of TDS	45,957	Prior Years	Various dates	Unpaid till date
Income Tax Act, 1961	Short deduction of TDS	29,847	Prior Years	Various dates	Unpaid till date
Income Tax Act, 1961	Interest on payments default u/s 201	62,384	Prior Years	Various dates	Unpaid till date
Income Tax Act, 1961	Interest on deduction default u/s 201	6,549	Prior Years	Various dates	Unpaid till date
Income Tax Act, 1961	Late Filing Fee u/s 234E	8,200	Prior Years	Various dates	Unpaid till date
Income Tax Act, 1961	Interest u/s 220(2)	10,266	Prior Years	Various dates	Unpaid till date
Income Tax Act, 1961	Outstanding demand u/s 271(1)(c)	13,256/- *	AY 2000 – 01	23-10-2011	Unpaid till date
Income Tax Act, 1961	Outstanding demand u/s 271(1)(c)	206/- **	AY 2001 – 02	23 -10 -2011	Unpaid till date
Income Tax Act, 1961	Outstanding demand u/s 271(1)(c)	125,484 /- ***	AY 2002 – 03	23-10-2011	Awaited for Refund Order
Income Tax Act, 1961	Outstanding demand u/s 154	1,02,760 /-	AY 2016 - 17	Various dates	Unpaid till date



Income Tax Act, 1961	Outstanding demand u/s 154	10,61,340 /- ##	AY 2017 – 18	Various dates	Unpaid till date
Income Tax Act, 1961	Outstanding demand u/s 1431a	1,55,75,020/- ###	AY 2018 – 19	Various dates	Unpaid till date
Income Tax Act, 1961	Outstanding demand u/s 1431a	1,64,90,590 /- #####	AY 2019 – 20	Various dates	Unpaid till date
Income Tax Act, 1961	Interest on payment default u/s 201, Interest u/s 220(2), Short Payment of TDS, Late Filing Fee u/s 234E	54,386 /-	AY 2018-19 TO AY 2021-22	Various dates	Unpaid till date

*Note:*

(\*) The Income Tax Department has demanded Rs. 13,63,256/- from the assessee but Company has paid Rs. 13,50,000/- on 17<sup>th</sup> March 2016 vide BSR Code 0250271 Challan No. 90161. The order passed by Additional CIT Rg. 6(1) Mumbai vide approval dated 30.03.2011.

(\*\*) The Income Tax Department has demanded Rs. 2,75,206/- from the assessee but Company has paid Rs. 2,75,000/- on 10<sup>th</sup> December 2015 vide BSR Code 6910333 Challan No. 52649. The order passed by Additional CIT Rg. 6(1) Mumbai vide approval dated 30.03.2011.

(\*\*\*) The Income Tax Department has demanded Rs. 70,516/- from the assessee but Company has paid Rs. 1,96,000/- on 10<sup>th</sup> December 2015 vide BSR Code 6910333 Challan No. 52726. The order passed by Additional CIT Rg. 6(1) Mumbai vide approval dated 30.03.2011. Refund order is awaited.

(#) The accrued interest is Rs 87,773 charged by CPC.

(##) The assessee has paid Rs. 50,00,000/- on 22<sup>nd</sup> Jan 2020 vide BSR Code 0250271 Challan No. 00444



(###) The assessee has paid Rs. 50,00,000/- on 22<sup>nd</sup> Jan 2020 vide BSR Code 0250271 Challan No. 000744 & Rs.25,00,000/- on 07<sup>th</sup> Jan 2020 vide BSR Code 0250271 Challan No. 00188

(####) The assessee has paid Rs. 1,00,00,000/- on 26<sup>th</sup> Feb 2020 vide BSR Code 0250271 Challan No. 000039 & Rs.25,00,000/- on 18<sup>th</sup> Jan 2020 vide BSR Code 0250271 Challan No. 00035

- b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2021 on account of dispute are given below:

Name of the Statute	Nature of dues under section	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
<b>Income Tax Act, 1961</b>	154	67,40,220 /- *	AY 2007 – 08	CIT (A)
	143(3)	30,67,474 /- **	AY 2008 -09	Income Tax Tribunal
	143(3)	87,77,290 /- ***	AY 2009 -10	Income Tax Tribunal
	143(1)(a)	30,28,922 /-	AY 2010 - 11	Application for Settlement of Dues filed under Dispute Resolution The Direct Tax Vivad se Vishwas Act, 2020
	147	9,56,656 /-	AY 2011 - 12	Application for Settlement of Dues filed under Dispute Resolution The Direct Tax Vivad se Vishwas Act, 2020
	143(1)(a)	9,73,138 /-	AY 2012 - 13	Application for Settlement of Dues filed under Dispute Resolution The Direct Tax Vivad se Vishwas Act, 2020
	147	24,89,974 / -	AY 2013 -14	Application for Settlement of Dues filed under Dispute Resolution The Direct Tax Vivad se Vishwas Act, 2020



	143(3)	4,55,241 /-	AY 2014 - 15	Application for Settlement of Dues filed under Dispute Resolution The Direct Tax Vivad se Vishwas Act, 2020
	143(3)	51,32,990 / - **#	AY 2015 - 16	CIT (A)

**Note:**

(\*)The company had appealed against the demand in CIT (A) with reference No. CIT (A), Mumbai 48/10003/2019-20. The accrued interest stands at 60,67,080 /- of the said demand for the AY 2007 – 08.

(\*\*) The company had appealed against the demand in the Income Tax Tribunal with reference No. ITA No. 2819/Mum/2018 but has lost it. The accrued interest stands at 40,20,193 /- of the said demand for the AY 2008 – 09 as order received by ITAT.

(\*\*\*) The company had appealed against the demand in the Income Tax Tribunal with reference No. ITA No. 2820/Mum/2018 but has been partially allowed.

(\*\*#) The company had appealed against the demand in CIT (A) with reference No. CIT (A) 48, Mumbai/10195/2017- 18. The accrued interest stands at 58,329 /- of the said demand for the AY 2015 – 16

- (viii) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings from banks and debenture holders. The Company has not taken loans from Government or any Financial Institution.
- (ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company and hence, not commented upon.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals



mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Consequently, provisions of clause 3(xii) of the Order are not applicable to the Company and hence, not commented upon.
- (xiii) In our opinion and according to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of related party transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting under clause 3 (xiv) are not applicable to the Company and hence, not commented upon.
- (xv) According to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**for Motilal & Associates LLP**

*Chartered Accountants*

**ICAI FRN: 106584W**

*(formerly Known as Motilal & Associates)*

**M. H. Jain**

*Partner*

**Membership No. 036811**

**Place : Mumbai**

**Date : 29/06/2021**



## **ANNEXURE“B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 2(f) under Report on Other Legal and Regulatory Requirements section of our report to the members of **AAREY DRUGS & PHARMACEUTICALS LTD** of even date)

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)**

We have audited the internal financial controls over financial reporting of AAREY DRUGS & PHARMACEUTICALS LTD (“the Company”) as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

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

### **AUDITOR’S RESPONSIBILITY**

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



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

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

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



## OPINION

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

*for* **Motilal & Associates LLP**

*Chartered Accountants*

**ICAI FRN: 106584W**

*(formerly Known as Motilal & Associates)*

**M. H. Jain**

*Partner*

**Membership No. 036811**

**Place : Mumbai**

**Date : 29/06/2021**



# AAREY DRUGS & PHARMACEUTICALS LIMITED

## ANNUAL REPORT 2020-21

AAREY DRUGS & PHARMACEUTICALS LTD Balance Sheet as on 31st March, 2021			
Particulars	Notes	As at 31st March, 2021 Rs.	As at 31st March, 2020 Rs.
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipments	2	142,581,479	122,992,821
(b) Capital Work in Progress		-	-
(c) Financial Assets			
(i) Investments	3	4,000,000	4,400,000
(ii) Trade Receivables		-	-
(iii) Loans		-	-
(iv) Other Financial Assets		-	-
(e) Deferred Tax Assets (net)		-	-
(f) Other Non-Current Assets		-	-
(g) Income Tax Asset (net)		-	-
<b>Total Non-Current Assets</b>		<b>146,581,479</b>	<b>127,392,821</b>
<b>Current Assets</b>			
(a) Inventories	4	184,606,303	169,960,270
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade Receivables	5	1,620,123,205	961,332,778
(iii) Cash and Cash Equivalents	6	6,367,146	4,873,122
(iv) Other Balances with Bank other than (iii) above			154,050
(v) Loans and Advances	6	129,949	
(vi) Others	7	200,000	200,000
(c) Current Tax Assets (net)	8	64,935,331	46,432,777
(d) Other Current Assets	9	307,413,284	630,486,550
<b>Total Current Assets</b>		<b>2,183,775,218</b>	<b>1,813,439,546</b>
<b>TOTAL ASSETS</b>		<b>2,330,356,697</b>	<b>1,940,832,366</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	10	233,846,840	233,846,840
(b) Other Equity	11	754,757,779	689,614,726
<b>Total Equity</b>		<b>988,604,619</b>	<b>923,461,566</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	-	191,178
(ii) Trade Payable		-	-
(iii) Other Financial Liabilities		-	-
(b) Provisions		-	-
(c) Other Non-Current Liabilities		-	-
(d) Deferred Tax Liabilities (net)	13	15,632,324	14,401,589
<b>Total Non-Current Liabilities</b>		<b>15,632,324</b>	<b>14,592,767</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	180,171,981	178,684,347
(ii) Trade Payables	15	1,103,398,547	777,496,753
(iii) Other Financial Liabilities	16	6,560,857	19,874,950
(b) Provisions	17	34,720,483	26,571,984
(c) Other Current Liabilities	18	1,267,886.90	150,000
(d) Deferred Tax Liabilities (net)		-	-
<b>Total Current Liabilities</b>		<b>1,326,119,754</b>	<b>1,002,778,034</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,330,356,697</b>	<b>1,940,832,366</b>
The accompanying notes form 1 to 25 an integral part of the Financial Statements			
<p>Interim report of even date For Motilal &amp; Associates LLP (Formerly known as Motilal &amp; Associates) Chartered Accountants Firm Regn No. 106584W</p> <p style="text-align: right;">For and on behalf of the Board</p> <p style="text-align: center;">Mihir R. Ghatalia                      Nimit R. Ghatalia Managing Director                      Director</p> <p>M. H. Jain Partner Membership No. 036811 Date: 29/06/2021 Place: Mumbai</p> <p style="text-align: center;">Mira M. Ghatalia CFO</p> <p style="text-align: right;">Preeti Rathi Company Secretary</p>			



**AAREY DRUGS & PHARMACEUTICALS LIMITED**  
**ANNUAL REPORT 2020-21**

<b>AAREYDRUGS&amp;PHARMACEUTICALSLTD</b>			
<b>Statement of Profit &amp; Loss for the year ended 31st March 2021</b>			
Particulars	Notes	As at 31st March, 2021	As at 31st March, 2020
Revenue from Operations	19	3,484,164,149	3,000,888,452
Other Income	20	70,146,289	66,892,331
<b>TOTAL INCOME</b>		<b>3,554,310,438</b>	<b>3,067,780,783</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	3,392,548,407	2,859,272,255
Changes in inventories	22	(14,646,033)	42,543,275
Employee Benefits Expense	23	3,955,266	3,967,213
Finance costs	24	24,315,910	17,851,553
Depreciation and Amortization Expense	2	9,204,218	8,938,734
Other Expenses	25	55,918,874	62,784,229
<b>TOTAL EXPENSES</b>		<b>3,471,296,643</b>	<b>2,995,357,260</b>
Profit Before Exceptional Items and Tax		<b>83,013,795</b>	<b>72,423,523</b>
Exceptional Items		0	0
<b>Profit Before Tax</b>		<b>83,013,795</b>	<b>72,423,523</b>
<b>Tax Expenses</b>			
Current Tax		16,640,000	15,004,000
MAT Credit Entitlement/Reversal		-	0
Deferred Tax		1,230,735	(515,916)
<b>Profit for the year</b>		<b>65,143,060</b>	<b>57,935,440</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified subsequently to Profit or Loss		-	-
Actuarial Gain on Defined Plan Liability		-	-
Income tax on Actuarial Loss		-	-
Actuarial Loss on Defined Plan Liability		-	-
Income tax on Actuarial Loss		-	-
<b>Total Comprehensive Income for the year</b>		<b>65,143,060</b>	<b>57,935,440</b>
Earnings per share - Face Value '10.00 per share	26		
(1) Basic (in ')		2.79	2.48
(2) Diluted (in ')		2.79	2.48
The accompanying notes from 1 to 25 are an integral part of the Financial Statements			
Interim report of the year ended			
<b>For Motilal &amp; Associates LLP (Formerly known as Motilal &amp; Associates)</b>		<b>For and on behalf of the Board</b>	
Chartered Accountants			
<b>Firm Regn No. 106584W</b>			
		<b>Mihir R. Ghatalia</b> Managing Director	<b>Nimit R. Ghatalia</b> Director
<b>M.H. Jain</b> Partner			
<b>Membership No. 036811</b>			
Date: 29/06/2021		<b>Mira M. Ghatalia</b> CFO	<b>Preeti Rathi</b> Company Secretary
Place: Mumbai			



## *Accounting Policies and Notes Forming part of Accounts*

### **1. Company Overview**

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

### **2. Significant accounting policies**

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

#### **1.1 Compliance with Indian Accounting Standards**

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

For all periods up to and including the year ended 31 March 2021, the Company has prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (“Previous GAAP”).

#### **1.2 Basis of Preparation and Presentation**

##### **Historical cost convention**

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

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

##### **Functional and Presentation Currency**

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



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

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

### **1.3 Use of Estimates**

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



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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered.

#### **1.5 Property, Plant and Equipment (PPE)**

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

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

#### **1.6 Intangible Assets**

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

#### **1.7 Impairment of Assets**

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

The Company recognizes loss allowances using the expected credit losses (ECL) model for the financial assets which are not fair valued through statement of



profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in such case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit and loss.

## **ii. Non-Financial Assets**

### **Intangible Assets and Property, Plant and Equipment**

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

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

## **iii. Share Capital**

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

## **1.8 Financial Instruments**

### **i. Investments and other financial assets**

#### **Initial recognition and measurement**



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

### **Subsequent measurement**

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

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

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

### **Equity investments**

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

### **Derecognition**

A financial asset is derecognised only when:

- the rights to receive cash flows from the asset have expired, or



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

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

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

#### **Offsetting Financial instruments**

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

## **ii. Financial Liabilities**

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

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

#### **Initial recognition and measurement**

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



### **Subsequent measurement**

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

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

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

### **Derecognition**

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

### **iii. Share Capital**

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

### **1.9 Fair Value Measurement**

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

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



value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

### **1.10 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of duty and net of discounts, returns and value added taxes and amount collected on behalf of third party. The Company



recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met, as described below.

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

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

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

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

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

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

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

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

#### **Other Revenue is recognized as follow:**

##### **i. Finance Income:**

Finance income is recognised as it accrues using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payment or receipts over the expected life of the financial instruments or a shorter period,



where appropriate, to the net carrying amount of the financial asset or liability. Finance income is included in other income in the profit & Loss Account.

**ii. Dividend**

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

**1.11 Inventories**

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

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

**1.12 Cash and Cash equivalents**

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

**1.13 Income Tax**

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

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that



includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### **1.14 Employee Benefit Expense**

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

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

##### **Defined contribution plan**

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

#### **1.15 Provisions, contingent liabilities and contingent assets**

##### **Provision**

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

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

##### **Contingent liabilities**

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



### **Contingent Assets**

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

### **1.16 Earning per share**

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

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

### **1.17 Cash Flow statement**

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

### **1.18 Foreign Currency Transactions**

#### **Functional Currency**

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

#### **Transactions and Translations**

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

### **1.19 Leases**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of



minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

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

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



Notes Forming part of Financial Statements

**Note : 2 PROPERTY PLANT AND EQUIPMENT**

Sr.No	Particulars	GrossBlock				Depreciaton				NetBlock	
		Valueatthebegi nning	Additio nduring theyear	Deductio nduring theyear	Value attheend	Value atthebegin ning	Additio nduring theyear	Deductio n duringthe year	Value attheend	WDV as on31.03.202 1	WDVas on31.03.202 0
	<b><u>TangibleAssets</u></b>										
1	Land	2,243,546	-	-	2,243,546	226,620	-	-	226,620	2,016,926	2,016,926
2	FactoryBuilding	29,916,736	90,125	-	30,006,861	23,632,161	1,111,668	-	24,743,829	5,263,032	6,284,575
3	Plant&Machinery	221,913,687	27,293,367	-	249,207,054	113,061,298	5,729,775	-	118,791,073	130,415,979	108,852,387
4	ElectronicEquipments	878,995	313,379	-	1,192,374	668,401	166,799	-	835,200	357,174	210,592
5	Furniture	2,980,846	965,817	20,202	3,926,461	1,377,736	646,971	-	2,024,707	1,901,754	1,603,110
6	Computer	1,203,852	14,406	-	1,218,258	772,443	86,589	-	859,032	359,227	431,410
7	MotorCar	2,245,607	-	-	2,245,607	1,763,181	66,189	-	1,829,370	416,237	482,426
8	LaboratoryEquipment	147,768	-	-	147,768	132,103	-	-	132,103	15,665	15,665
10	OfficePremises&AirCondition	8,968,221	34,375	-	9,002,596	5,872,495	1,377,832	-	7,250,327	1,752,269	3,095,729
11	CellPhones	-	101,610	-	101,610	-	18,395	-	18,395	83,215	-
	<b>TOTAL</b>	<b>270,499,259</b>	<b>28,813,079</b>	<b>20,202</b>	<b>299,292,136</b>	<b>147,506,438</b>	<b>9,204,218</b>	<b>-</b>	<b>156,710,656</b>	<b>142,581,479</b>	<b>122,992,821</b>
	<b>PreviousYear</b>	<b>261,313,304</b>	<b>9,238,131</b>	<b>52,177</b>	<b>270,499,259</b>	<b>138,567,703</b>	<b>8,938,734</b>	<b>-</b>	<b>147,506,437</b>	<b>122,992,821</b>	<b>122,745,600</b>

Note: The Company has added Plant and Machinery in its FAS Schedule that is not in the state to be used as on Balance sheet date. Therefore, depreciation has not been charged upon the same. The Depreciation on the same would be charged from the day such Plant and Machinery is completely installed and will be available to use to the Company.



**Note: 3 Investments**

<b>Particulars</b>	<b>As at 31st March 21</b>	<b>As at 31st March 20</b>
<b>Investment in equity</b>		
(i) Shares of Transmedia Software Ltd (Unquoted investments, carried at cost)	4,000,000	4,000,000
<b>Other Investments</b>		
(ii) Advance Paid for Plot At Kankavali	-	400,000
<b>TOTAL</b>	<b>4,000,000</b>	<b>4,400,000</b>

**Note: 4 Inventories**

<b>Particulars</b>	<b>As at 31st March 21</b>	<b>As at 31st March 20</b>
Raw Material	40,240,553	9,015,468
Work-in-Progress	5,319,559	3,208,675
Finished Goods	26,747,802	17,329,179
Stock-in-trade	112,298,387	128,882,934
Others	-	11,524,013
<b>TOTAL</b>	<b>184,606,303</b>	<b>169,960,269</b>



**Note: 5 Trade Receivables**

Particulars	As at 31st March 21	As at 31st March 20
<b>Trade receivables outstanding for a period exceeding six months from the date they were due</b>		
Secured, considered good	-	-
Unsecured, considered good, Doubtful	170,627,367	139,822,966
<b>Other Trade receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	1,449,495,838	821,509,812
	<b>1,620,123,205</b>	<b>961,332,778</b>

**Note: 6 Cash and Cash Equivalents**

Particulars	As at 31st March 21	As at 31st March 20
<i>Balances with Bank</i>		
On current accounts	129,949	154,050
Cash on Hand	6,367,146	4,873,122
<b>TOTAL</b>	<b>6,497,095</b>	<b>5,027,171</b>

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

Particulars	As at 31st March 21	As at 31st March 20
Advance to Employees	-	-
Advance to others	200,000	200,000
<b>TOTAL</b>	<b>200,000</b>	<b>200,000</b>



**Note: 8 Other Financial Assets**

<b>Particulars</b>	<b>As at 31st March 21</b>	<b>As at 31st March 20</b>
Short Term Advances - to others	33,554,097	19,909,922
Short Term Advances - to related parties	48,813	-
Statutory Deposits	3,524,145	3,264,145
Other Deposits	27,808,276	23,258,710
<b>TOTAL</b>	<b>64,935,331</b>	<b>46,432,777</b>

**Note: 9 Other Current Assets**

<b>Particulars</b>	<b>As at 31st March 21</b>	<b>As at 31st March 20</b>
Advance to suppliers for Goods	284,665,530	592,034,505
Advance towards Expenses	22,483,754	19,951,895
Misc Expenditure not yet written off	264,000	528,000
GST Receivables	-	17,972,149
<b>TOTAL</b>	<b>307,413,284</b>	<b>630,486,549</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**NOTE 10: SHARE CAPITAL**

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
<b>(a) Authorised:</b> 25,000,000 Equity Shares of Rs. 10/- each				
	<b>25,000,000</b>	<b>250,000,000</b>	<b>25,000,000</b>	<b>250,000,000</b>
(Previous year 25,000,000 Equity Shares of Rs 10/- each)				
<b>(b) Issued, subscribed and fully paid-up shares:</b> 2,33,84,684 Equity Shares of Rs. 10/- each fully paid up (Previous Year 18,084,684 Equity Shares of Rs. 10/- each)				
	23,384,684	233,846,840	23,384,684	233,846,840
<b>Total Issued, subscribed and fully paid-up shares</b>	<b>23,384,684</b>	<b>233,846,840</b>	<b>23,384,684</b>	<b>233,846,840</b>

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

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
<b><u>Equity Shares</u></b>				
At the beginning of the year	23,384,684	233,846,840	23,384,684	233,846,840
Preferential Issue during the year	-	-	-	-
Outstanding at the end of the year	<b>23,384,684</b>	<b>233,846,840</b>	<b>23,384,684</b>	<b>233,846,840</b>



Name of the shareholder	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	% Shareholding	Number of shares	% Shareholding
MIHIR RAJESH GAHTALIA	2,835,888	12.13	2,835,888	12.13
SURAJ TRADELINKS PRIVATE LIMITED	1,960,000	8.38	1,960,000	8.38
NIMIT IMPEX PRIVATE LIMITED	1,960,000	8.38	1,960,000	8.38
BINA RAJESH GHATALIA	3,350,834	14.33	20,01,850	8.56
<b>TOTAL [ 5% &amp; above ]</b>	<b>10,106,722</b>	<b>43.22</b>	<b>6,755,888</b>	<b>37.45</b>

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

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting. In event of liquidation of the Company the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The Distribution will be in proportion to the number of equity shares held by the shareholders

**Note: 11 Other Equity**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital Reserve	2,000,000	2,000,000
Securities premium	348,522,047	348,522,053
Share Warrant	23,150,000	23,150,000
Pending Share Application Money	-	-
<b>Profit &amp; loss balance</b>	<b>315,942,673</b>	<b>258,007,233</b>
Adj: Transition Adj	-	-
Net Profit for the Period	65,143,060	57,935,440
Less: Dividend Paid	-	-



Closing Balance of Profit and Loss Account	381,085,732	315,942,673
<b>TOTAL</b>	<b>754,757,779</b>	<b>689,614,726</b>

**Note: 12 Long term Borrowings**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Secured Vehicle Loan	-	191,178
<b>TOTAL</b>	<b>-</b>	<b>191,178</b>

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

**Note: 13 Deferred Taxes**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Liability	15,632,324	14,401,589
<b>TOTAL</b>	<b>15,632,324</b>	<b>14,401,589</b>

**Note: 14 Financial liabilities - Borrowings**

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b><u>Secured Portion</u></b>		
Bank of Baroda CC A/C*- Adhoc loan	174,253,925	172,002,897
Margin Money	421,275	-
<b><u>Unsecured Portion</u></b>		
a) From Directors	293,414	244,100
b) From Others	5,203,367	6,437,350
<b>TOTAL</b>	<b>180,171,981</b>	<b>178,684,347</b>

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



**Note: 15 Trade Payables**

Particulars	As at 31st March, 2021	As at 31st March, 2020
For Goods	1,078,249,107	757,020,325
For Expenses	25,149,439	20,476,428
<b>TOTAL</b>	<b>1,103,398,547</b>	<b>777,496,753</b>

**Note: 16 Other Financial Liabilities**

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Employees Profession Tax Payable	7,725	16,300
(b) T.D.S. Payable	317,726	298,721
(c) Service Tax Payable	-	537,442
(d) Provision for Expenses	5,249,961	1,866,543
(e) GST Payable	937,599	17,095,473
(f) Provision for FBT	-	-
(g) Interest on TDS	-	-
(h) Dividend Payable	47,847	60,471
<b>TOTAL</b>	<b>6,560,857</b>	<b>19,874,950</b>

**Note: 17 Provisions**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Income tax	18,080,483.22	26,571,984
Income tax (AY 2021-22)	16,640,000	
<b>TOTAL</b>	<b>34,720,483</b>	<b>26,571,984</b>



**Note: 18 Other Current Liabilities**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance from Customers	-	-
Deposit received	-	150,000
TCS Payable on sales	1,267,887	-
Margin Money Saraswat bank	-	-
<b>TOTAL</b>	<b>1,267,887</b>	<b>150,000</b>

**Note : 19 Revenue from Operations**

Sr. No	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	Sale of Traded Goods	3,484,164,149	3,000,888,452
	<b>TOTAL</b>	<b>3,484,164,149</b>	<b>3,000,888,452</b>

**Note: 20 Other Income**

Sr. No	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	Interest Income against Trade Advances	24,252,452	26,145,479
2	Interest on late payment	35,155	495,007
3	Commission Received	13,085,400	31,157,896
4	Storage Income	1,918,272	772,675
5	Misc. Income	-	1,506
6	Gst Rec	-	2,861
7	Discount Income	-	29,828
8	Cancellation Order	698,520	96,204



9	Detention Charges	1,500	3,000
10	Labour & Job Work	30,116,538	8,187,874
11	Foreign Exchange Gain	38,452	-
	<b>TOTAL</b>	<b>70,146,289</b>	<b>66,892,331</b>

**Note: 21 Cost of Purchase**

Sr. No	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	Purchases	3,359,601,227	2,824,248,132
	Add: Direct Expense	32,947,180	35,024,123
	<b>TOTAL</b>	<b>3,392,548,407</b>	<b>2,859,272,255</b>

**Note: 22 Changes in Inventory**

Sr. No	Particulars	As at 31st March, 2021	As at 31st March, 2020
	Opening Stock	169,960,270	212,503,545
Less:	Closing Stock	-184,606,303	-169,960,270
	<b>TOTAL</b>	<b>-14,646,033</b>	<b>42,543,275</b>

**Note : 23 Employment Benefit Expenses**

Sr. No	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	Salaries	1,208,738	728,350
2	Staff Welfare Exp	580,674	198,164
3	Director Remuneration	827,100	600,000
4			



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	Bonus	115,527	161,863
5	Gratuity Exp	472,900	-
6	Medical Exp	1,03,985	171,849
7	Director Perquisites	5,54,808	456,987
8	House Rent Allowance	91,533	1,500,000
<b>TOTAL</b>		<b>3,955,266</b>	<b>3,967,213</b>

**Note: 24 Finance Cost**

Sr. No	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	Bank Charges	95,960	43,924.94
2	Interest Exp (bank Interest)	22,190,646	16,584,933
3	Other Interest (LC Discounting charges)	-	-
4	Bank and other processing charges	1,037,921	943,314
5	Other Interest	991,383	279,382
<b>TOTAL</b>		<b>24,315,910</b>	<b>17,851,553</b>

**Note: 25 Other Expenses**

Sr. No	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	Conveyance	40,834	32,747
2	Electricity Charges	28,666	147,451
3	Custodial Fees	164,190	150,000
4			



	Cancellation of Order	635,000	709,131
5	Brokerage and Commission Expenses	16,083,681	5,208,861
6	Legal & Professional Charges	1,407,542	1,032,980
7	Motar Car Expenses	370,366	673,644
8	Printing & Stationary Exps.	98,922	100,413
9	Audit Fees	228,000	108,000
10	Communication Expenses		-
11	Repairs & Maintenance	203,864	214,592
12	Insurance Exps.	1,404,219	2,800,158
13	Donation Expenses	175,276	144,320
14	RTA Expenses	180,703	154,088
15	Sales promotion Expense	1,556,126	1,672,816
16	Advertisement Expenses	29,128	345,629
17	Carriage Outward Expenses	32,940	54,100
18	Miscellaneous Expenses	28,025	49,908
19	Office expenses	244,020	220,624
20	Witten Back / Write Off	64,296	165,401
21	Travelling Exp	655,987	869,727
22	Membership and Subscription Exp	-	66,562
23	Prefrential and QIP Issue Exp	264,000	264,000
24			



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	Filing Fees	45,625	9,800
25	Storage Exp	4,497,931	989,749
26	Excise and Custom Duty	5,279,278	-
27	Loading and Unloading Exp	171,110	158,160
28	Clearing and Forwarding Charges	297,476	309,158
29	GST & Sales Taxes	-	25,033,357
30	Discount Exp	36,592	187,437
31	Telephone Expenses	113,188	250,455
32	Computer Expenses	61,500	129,020
33	Air Conditioner Expenses	17,700	29,590
34	Listing Fees	300,000	300,000
35	Office Rent	5,322,720	5,322,720
36	Wharehouse Charges	470,845	241,206
37	Postage & Courier	40,870	87,792
38	Sales Tax Paid	-	-
39	Transportation Charges	11,065,581	12,481,890
40	Notary/ Franking & Stamp Paper Charges	4,358	25,982
41	Import Expenses	989,997	1,912,297
43	Export Expenses	40,573	16,064
44	MPCB Charges	-	910
45			



	Detention Chrges	1,500	28,000
46	Diwali Expenses	477,250	85,489
47	Car Rent	1,375,000	-
48	Stamp Duty Expenses	34,114	-
49	CSR Expenses	1,212,880	-
50	Bank Inspection charges	118,000	-
51	Food and Drugs license	10,000	-
52	General tax	39,000	-
<b>TOTAL</b>		<b>55,918,874.36</b>	<b>62,784,229.29</b>

#### Details of Payment to Auditors

Sr. No.	Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
1	For Statutory Audit Fees	88,000	88,000
2	For Internal Audit fees	20,000	20,000
	<b>Total Payment to Auditors</b>	<b>108,000</b>	<b>108,000</b>

<b>26 Earnings per Share</b>			
(Basic & Diluted)			
	<b>Particulars</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
	Net Profit / (loss) after tax for the year (in Rs.)	65,143,060	57,935,440
	Profit / loss attributable to equity share holders (in Rs.)	65,143,060	57,935,440
	Weighted Average Number of equity shares outstanding during the year	23,384,684	23,384,684
	Basic and Diluted Earnings Per Share (Rs.)	2.79	2.48
	Face Value per Share (Rs.)	10	10
Basics Earnings Per Share and Diluted Earnings Per Share are same as the Company has no Dilutive Potential Equity Shares.			

[illegible]



28	Financial Risk Management				
	The Company has exposure to the following risks arising from financial instruments:				
	<ul style="list-style-type: none"><li>• Credit risk ;</li><li>• Liquidity risk ; and</li><li>• Market risk</li></ul>				
	A. Credit risk				
	Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables and loans) and from its financing activities (deposits with banks and other financial instruments).				
	Credit risk management				
	Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.				
	The Company’s maximum exposure to credit risk as at 31st March, 2021 and 2020 is the carrying value of each class of financial assets.				
	i Trade and other receivables				
	Credit risk on trade receivables is limited based on past experience and management's estimate.				
	Ageing of trade and other receivables that were not impaired was as follows.				
	Carrying amount	31-Mar-21	31-Mar-20		
	Neither Past due nor impaired	1,449,495,838	821,509,812		
	Past due but not impaired	-	-		
	Past due more than 180 days	170,627,367	139,822,966		
	TOTAL	1,620,123,205	961,332,778		
	ii Cash and Cash Equivalents				
	The Company held cash and bank balance with credit worthy banks of 64,97,095 /- at March 31,2021 , and (50,27,171 at March 31, 2020). The credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks where credit risk is largely perceived to be extremely insignificant.				
	B. Liquidity risk				
	Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – trade payables and borrowings.				



<b>Liquidity risk management</b>				
The Company’s approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine the Company’s credit rating and impair investor confidence.				
The Company maintained a cautious funding strategy, with a positive cash balance throughout the year ended 31st March, 2021 and 31st March, 2020. This was the result of cash delivery from the business. Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis. The Company’s treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, are retained as cash and cash equivalents (to the extent required).				
<b>Maturities of non – derivative financial liabilities</b>				<b>(Amount in Rs.)</b>
<b>Particulars</b>	<b>As at 31 March 2021</b>		<b>As at 31 March 2020</b>	
	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>
<b>Financial Liabilities - Current</b>				
i. Current Borrowings *	180,043,477	128,504	178,684,347	-
ii. Trade payables	1,103,398,547	-	777,496,753	-
<b>Total</b>	<b>1,283,442,023</b>	<b>128,504</b>	<b>956,181,100</b>	<b>-</b>
<b>C. Market risk</b>				
Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments. The Company is exposed to market risk primarily related to interest rate risk and the market value of the investments.				
i	<b>Currency Risk</b>			
The functional currency of the Company is Indian Rupee. Currency risk is not material, as the Company does not have any exposure in foreign currency.				
ii	<b>Interest Rate Risk</b>			
Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.				
<b>Exposure to interest rate risk</b>				
According to the Company interest rate risk exposure is only for floating rate borrowings. Company does not have any floating rate borrowings on any of the Balance Sheet date disclosed in this financial statements.				



iii	<b>Price Risk</b>				
	Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in quoted instruments.				
a	<b>Fair value sensitivity analysis for fixed rate Instruments</b>				
	The Company does not account for any fixed rate financial assets or financial liabilities at fair value through Profit or Loss. Therefore, a change in interest rates at the reporting date would not affect Profit or Loss.				
b	<b>Cash flow sensitivity analysis for variable rate Instruments</b>				
	The company does not have any variable rate instrument in Financial Assets or Financial Liabilities.				

## 29. Capital Management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-today needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

## 30. Micro, Small and Medium Enterprises

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

31. In the opinion of the management, the current assets, loans and advances have the values on realization in the ordinary



course of business at least equal to the amounts at which they are stated in the balance sheet except the trade receivables and loans and advances which falls under management's policy for bad and doubtful debts as taken in the previous years.

32. Debtors and Creditors Balances are subject to Confirmation. Debtors & Creditors Balances are as per Management Representation and relied upon by the Auditors.

### 33. Segment Information

The Company operates only in one segment ie. Manufacturing and Trading of Drugs & Pharmaceutical and all other allied activities revolving around the same. As such there is no other separate reportable segment as defined by IND AS 108- "Operating Segments."

### 34. Related Party Transactions

Disclosure in accordance with Ind AS 24 – Related Party Disclosures during the year

#### A) Directors, Key Management Personnel (KMP) & relatives of KMP

Mihir R Ghatalia	Managing Director
Lalit R Tulsiani	Director
Anil Mandal	Director
Chetan.K.Mehta	Director
Nimit R. Ghatalia	Director
Archana P Wani	Director
Bina R Ghatalia	Relative of Managing Director
Mira M Ghatalia	Relative of Managing Director
Preeti P Rathi	Company Secretary
Rajesh P Ghatalia	Relative of Managing Director



Nimit Impex Pvt Ltd	Concern in which relatives of MD are substantially interested
Suraj Trade links Pvt Ltd	Concern in which relatives of MD are substantially interested
Enam Organics India Ltd	Company in which director are substantially interested
Worth Investment & Trading co Ltd	Company in which director is interested
Aaradhana Energy Private Limited	Company in which director is interested
Mihir R Ghatalia (HUF)	HUF in which director is interested

**C) Transactions with related parties**

Particulars	2020 - 2021	Relationship
<b>Mihir R Ghatalia</b>		
Loan given	510940	Managing director
Loan repayment	516840	Managing director
Re-imbursement for expenses	9347	Managing director
Car allowances	605361	Managing director
<b>Mihir R Ghatalia (HUF)</b>		
Loans given	385780	HUF in which director is interested
Loans taken	385780	HUF in which director is interested



Payment of expenses	85780	HUF in which director is interested
<b>Bina R Ghatalia</b>		
Loans and advances given	8858856	Relative of Managing Director
Repayment for loans and advances given	9052270	Relative of Managing Director
Sundry Creditor for expenses	7400804.8	Relative of Managing Director
Re-imbursement for expenses	9328354	Relative of Managing Director
<b>Rajesh P Ghatalia</b>		
Repayment of loans taken	150000	Relative of Managing Director
<b>Worth Investment &amp; Trading co Ltd</b>		
Repayment of loans taken	3600	Company in which director is interested
<b>Suraj Trade links Pvt Ltd</b>		
Debtors for expenses	488003	Concern in which relatives of MD are substantially interested
Payment received for expenses	479303	Concern in which relatives of MD are substantially interested
<b>Aaradhana Energy Private Limited</b>		
Payment for sundry creditor for goods	50000.00	Company in which director is interested
Sundry Creditor for goods	4510681.2	Company in which director is interested
Debtors for goods	4521006.0	Company in which director is interested
Payment received	158850	Company in which director is interested
<b>Nimit Impex Pvt Ltd</b>		
Loans and advances given	533770	Concern in which relatives of MD are substantially interested
Amount received for loans and advances given	541270	Concern in which relatives of MD are substantially interested
<b>Enam Organics India Ltd</b>		
Loans and advances given	11713549	Company in which director are substantially interested



Repayment received of loans and advances given	11664736	Company in which director are substantially interested
Creditor for expenses	25920734	Company in which director are substantially interested
Payment received for	25920734	Company in which director are substantially interested
Debtors for goods	4175479	Company in which director are substantially interested
Payment received for goods	4175479	Company in which director are substantially interested

#### D) Outstanding balances

Particulars	31st March 2021	Relationship
<b>Mihir R Ghatalia</b>		
Creditor for expenses - SBI credit card	17989.04	Managing director
Excess payment received for car expenses	605361	Managing director
Loans and advances given	-	Managing director
<b>Mihir R Ghatalia (HUF)</b>		
Sundry debtors for expenses	85780	HUF in which director is interested
<b>Bina R Ghatalia</b>		
Excess payment received for Loans and advances given	193414	Relative of Managing Director
Excess re - imbursement made for expenses	1927549.2	Relative of Managing Director
<b>Nimit R Ghatalia</b>		
Loans and advances given	700015	
Repayment received of loans and advances given	664386	
<b>Rajesh P Ghatalia</b>		
Loans taken	100000	Relative of Managing Director



<b>Worth Investment &amp; Trading co Ltd</b>		
Loans taken	28504	Company in which director is interested
<b>Suraj Trade links Pvt Ltd</b>		
Debtors for goods	-	Concern in which relatives of MD are substantially interested
<b>Aaradhana Energy Private Limited</b>		
Creditor for goods	-	Company in which director is interested
Debtors for goods	5349650	Company in which director is interested
<b>Nimit Impex Pvt Ltd</b>		
Loans and advances given	-	Concern in which relatives of MD are substantially interested
<b>Enam Organics India Ltd</b>		
Loans and advances given	48813	Company in which director are substantially interested
Creditor for expenses	25920734	Company in which director are substantially interested

**E) Loans to/from related parties**

Particulars	2020-21	Relationship
<b>Mihir R Ghatalia</b>		Managing director
Beginning of the year	5900	
Loans advanced	510940	
Loan repayment received	516840	
Interest charged	-	
Interest received	-	
End of the year	-	
<b>Mihir R Ghatalia (HUF)</b>		HUF in which director is interested
Beginning of the year	-	
Loans advanced	385780	



Loan repayment received	385780	
Interest charged	-	
Interest received	-	
End of the year	-	
<b>Bina R Ghatalia</b>		Relative of Managing Director
Beginning of the year	-	
Loans advanced	8858856	
Loan repayment received	9052270	
Interest charged	-	
Interest received	-	
End of the year	193414	
<b>Rajesh P Ghatalia</b>		Relative of Managing Director
Beginning of the year	250000	
Loans taken	-	
Loan repayment paid	150000	
Interest charged	0	
Interest paid	0	
End of the year	100000	
<b>Worth Investment &amp; Trading co Ltd</b>		Company in which director is interested
Beginning of the year	32104	
Loans taken	-	
Loan repayment paid	3600	
Interest charged	0	
Interest paid	0	
End of the year	28504	
<b>Nimit Impex Pvt Ltd</b>		Concern in which relatives of MD are substantially interested
Beginning of the year	7500	



Loans advanced	533770	
Loan repayment received	541270	
Interest charged	-	
Interest received	-	
End of the year	-	
<b>Enam Organics India Ltd</b>		Company in which director are substantially interested
Beginning of the year	-	
Loans advanced	11713549	
Loan repayment received	11664736	
Interest charged	-	
Interest received	-	
End of the year	48813	

### 35. CURRENT AND DEFERRED TAX

The major components of income tax expense for the year ended March 31, 2021 are:

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>i) Current tax</b>		
Current tax on profits for the year	16,640,000	15,004,000
Adjustments for current tax of prior period	-	-
<b>Total current tax expense</b>	<b>16,640,000</b>	<b>15,004,000</b>
<b>ii) Deferred tax</b>		
(Decrease)   Increase in deferred tax liabilities	1,230,735	-515,916
Trfd to OCI on actuarial gain or loss		
<b>Total deferred tax expense (benefit)</b>	<b>1,230,735</b>	<b>-515,916</b>
<b>Income tax expense</b>	<b>17,870,735</b>	<b>14,488,084</b>

The Reconciliation between the Statutory Income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:-



Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Statutory income tax rate	26.00%	26.00%
b) Differences due to:		
i) Expenses not deductible for tax purposes	0.00	0.00
ii) Income exempt from income tax	<b>0.00</b>	<b>0.00</b>
iii) Income tax incentives	0.00	0.00
iv) Others	0.00	0.00
<b>Effective income tax rate</b>	<b>26.00%</b>	<b>26.00%</b>

No aggregate amount of current and deferred tax have been arisen in the reporting periods which have been recognised in equity and not in statement of Profit and Loss or other Comprehensive Income

#### Deferred tax liabilities (net)

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

Particulars	As at 31st March, 2021	(charged)   Credited to profit or loss   OCI	As at 31 - 03 - 2020
Property, plant and equipment	142,581,479	19,588,658	122,992,821
<b>Total deferred tax liabilities</b>	<b>15,632,324</b>	<b>1,230,735</b>	<b>14,401,589</b>

#### Unrecognised temporary differences

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

Previous Year's figures have been  
Rearranged wherever Necessary



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AAREYDRUGS&PHARMACEUTICALSLTD			
CASHFLOWSTATEMENT FOR THEYEARENDED31ST MARCH,2021			
	Particulars	Yearended 31st MARCH,2021	Yearended 31st MARCH,2020
A.	<b>CashFlowfromOperatingActivities</b>		
	NetprofitbeforeTaxasper Profit & LossAccount	83,013,795	72,423,523
	Adjustedfor:		
	Depreciation	9,204,218	8,938,734
	Risghtissue Expense		
	FinanceCost	24,315,910	17,851,553
	<b>OperatingProfitbefore WorkingCapital Changes</b>	<b>116,533,923</b>	<b>99,213,811</b>
	Adjustedfor:		
	(Increase)/ DecreaseinInventories	(14,646,033)	42,543,275
	(Increase)/DecreaseinTradereceivables	(658,790,427)	96,115,186
	(Increase)/DecreaseinOtherCurrentFinancialAssets	(18,502,556)	-620,749,738
	(Increase)/ DecreaseinInvestments	400,000	-
	Increase/(Decrease)inProvision	8,148,499	(12,053,727)
	Increase/(Decrease)inTradePayables	325,901,794	404,711,310
	Increase/(Decrease)inShort TermBorrowings	1,487,634	17,520,652
	Increase/(Decrease)inOtherCurrentLiabilities	1,117,887	16,275,683
	(Increase)/DecreaseinOtherCurrentassets	323,073,264	
	Increase/(Decrease)inOtherfinancialliabilities	(13,314,093)	
	Less:TaxesPaid	71,409,890	43,576,451
	<b>CashFlowfrom OperatingActivities(A)</b>	<b>54,769,890</b>	<b>28,572,451</b>
B.	<b>CashFlowfromInvestingActivities</b>		
	PurchaseofFixedAssets	(28,792,877)	(9,185,955)
	FDwithBanks		-
	Sale/(Purchase) off.A.		-
	InterestReceived/Recieveable		-
	<b>Net CashusedinInvestingActivities(B)</b>	<b>(28,792,877)</b>	<b>(9,185,955)</b>
C.	<b>CashFlowfromFinancingActivities</b>		
	<b>Issue ofEquityshareCapital</b>		-
	Repayment/Received of long termloans & advances	(191,178)	(195,205)
	DividendPaid		-
	ShareWarrants		-
	FinanceCost	(24,315,910)	(17,851,553)
	RightIssue Expense		-
	Premium onIssueofShares		-
	<b>NetCashusedinFinancingActivities(C)</b>	<b>(24,507,088)</b>	<b>(18,046,758)</b>
	<b>NetIncrease/(Decrease) inCashandCashEquivalents(A</b>	<b>1,469,925</b>	<b>1,339,740</b>
	<b>OpeningBalance ofCashandCashEquivalents</b>	<b>5,027,171</b>	<b>3,687,431</b>
	<b>ClosingBalanceofCashandCashEquivalents</b>	<b>6,497,095</b>	<b>5,027,171</b>
		1	
Notes:			
1 The above Cash flow Statement has been prepared under the "Indirect Method" set out in Ind AS-7 on Statement of Cash flow.			
2 Previous year figures have been reclassified to confirm with current Year's presentation, wherever applicable.			
3 This is the cash flow Statement referred to in our report of even date.			
In terms of our report of even date			
For Motilal & Associates LLP		For and on behalf of the Board	
(Formerly known as Motilal & Associates)			
Chartered Accountants			
Firm Regn No. 106584W			
		Mihir R. Ghatalia	Nimit R. Ghatalia
		Managing Director	Director
M. H. Jain			
Partner			
Membership No. 036811			
Date: 29/06/2021		Mira M. Ghatalia	Preeti Rathi
Place: Mumbai		CFO	CS



# AAREY DRUGS & PHARMACEUTICALS LIMITED

## ANNUAL REPORT 2020-21

### AAREY DRUGS & PHARMACEUTICALS LTD

STATEMENTS SHOWING CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31.03.2021

#### A) EQUITY SHARE CAPITAL

For the year ended 31st March, 2021		
Balance as on 1st April 2020	change in equity during the year	Balance as on 1st April 2021
23,384,684	-	23,384,684

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

#### B) OTHER EQUITY

Particulars	Reserve & Surplus					Other Comprehensive Income				Total
	CAPITAL RESERVE	Securities Premium Reserve	Retained Earning	Share Warrant	Pending Share Application Money	Equity Component through Financial Instrument	Effective portion of Cash Flow Hedges	Exchange differences off foreign operation	Other items of other Comprehensive income	
Balance as on 1st April 2020	2,000,000	348,522,047	315,942,673	23,150,000	-	-	-	-	-	689,614,720
Premium on Equity shares issued during the year	-	-	-	-	-	-	-	-	-	-
Pending Share Application Money	-	-	-	-	-	-	-	-	-	-
Share Warrants	-	-	-	-	-	-	-	-	-	-
Re-measurement of defined employee benefit plan transferred to statement of profit and loss (Net of Taxes)	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	65,143,060	-	-	-	-	-	-	65,143,060
Dividends including distribution tax	-	-	-	-	-	-	-	-	-	-
Transfer to retained earning/General Reserve	-	-	-	-	-	-	-	-	-	-
Any other changes	-	-	-	-	-	-	-	-	-	-
Balance as on 31st March 2021	2,000,000	348,522,047	381,085,732	23,150,000	-	-	-	-	-	754,757,779
Balance as on 1st April 2019	2,000,000	348,522,053	258,007,233	23,150,000	-	-	-	-	-	631,679,286
Premium on Equity shares issued during the year	-	-	-	-	-	-	-	-	-	-
Pending Share Application Money	-	-	-	-	-	-	-	-	-	-
Share Warrants	-	-	-	-	-	-	-	-	-	-
Re-measurement of defined employee benefit plan transferred to statement of profit and loss (Net of Taxes)	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	57,935,440	-	-	-	-	-	-	57,935,440
Dividends including distribution tax	-	-	-	-	-	-	-	-	-	-
Transfer to retained earning/General Reserve	-	-	-	-	-	-	-	-	-	-
Any other changes	-	-	-	-	-	-	-	-	-	-
Balance as on 31st March 2020	2,000,000	348,522,053	315,942,673	23,150,000	-	-	-	-	-	689,614,726

The accompanying notes form 1 to 26 are an integral part of the Financial Statements

In terms of our report of even date

For Motilal & Associates LLP  
(Formerly known as Motilal & Associates)  
Chartered Accountants  
Firm Regn No. 106584W

For and on behalf of the Board

Mihir R. Ghatalia  
Managing Director

Nimit R. Ghatalia  
Director

M. H. Jain  
Partner  
Membership No. 036811  
Date: 29/06/2021  
Place: Mumbai

Mira M. Ghatalia  
CFO

Preeti Rathi  
Company Secretary



**ATTENDANCE SLIP**

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

I hereby record my presence at the Thirtieth Annual General Meeting of the Company at E-34, MIDC, Tarapur, Boisar, Dist. Palghar. On September 11, 2021 At 09.15 A.M.

DPID NO\*

Client ID No\*

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

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

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

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

Signature \_\_\_\_\_

\* Applicable for Investors holding shares in Electronic Forms.

**Aarey Drugs & Pharmaceuticals Ltd.**

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

**PROXY FORM**

Affix a  
revenue  
stamp

DPID NO\*

Client ID No\*

I \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
Member(s) of the above named  
Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_  
or failing him  
\_\_\_\_\_ of \_\_\_\_\_ in the  
district of \_\_\_\_\_ as my / our Proxy to attend and vote for  
me/us and my/our behalf at the Thirtieth Annual General Meeting of the Company to be held on  
September 11, 2021 at 09.15 A.M. at E-34, MIDC, Tarapur, Boisar, Dist. Palghar on and  
at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

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

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

\*Applicable for Investors holding shares in Electronic Forms.

**Note:- Proxy forms should reach Reg office at least 48 hrs before time of meeting.**



**Road Map to**  
**AAREY DRUGS & PHARMACEUTICALS LTD.**

