



**Aarey**

**DRUGS & PHARMACEUTICALS LTD.**

**28<sup>th</sup> Annual Report  
2017 - 2018**



**BOARD OF DIRECTORS**

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

Chairman & Managing Director  
Independent Director  
Independent Director  
Woman Director

**KEY MANAGERIAL PERSONNEL**

Rajesh P. Ghatalia  
Sweta Poddar

Chief Financial Officer  
Company Secretary

**REGISTERED OFFICE**

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

**HEAD OFFICE**

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

**WORKS**

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

**BANKER**

DENA BANK  
Andheri (West), Mumbai

**AUDITORS**

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

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## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON SATURDAY 29TH SEPTEMBER, 2018 AT E-34, MIDC, TARAPUR, BOISAR, DIST. THANE AT 9.15 A.M. TO TRANSACT THE FOLLOWING BUSINESS:**

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2018, the Balance sheet as on that date and the reports of Directors and Auditors thereon.

**"RESOLVED THAT** the Audited Profit & Loss Account for the year ended 31st March, 2018, the Balance sheet as on that date and the reports of Directors and Auditors thereon be and hereby approved."

2. To appoint a Director in place of Mrs. Damyanti P. Ghatalia, who retires by rotation and, being eligible, offers herself for reappointment.

**"RESOLVED THAT** Mrs. Damyanti P. Ghatalia who retires by rotation at this Annual General Meeting be and is hereby appointed as Director of the Company, liable to retire by rotation."

3. To appoint M/s DMKH and company, as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the 29th Annual General Meeting and authorise the Board of Directors to fix their remuneration.

**"RESOLVED THAT** that pursuant to the provisions of section 139 and any other applicable provisions of the Companies Act, 2013 M/S. DMKH and Company, Chartered Accountants, Mumbai be and are hereby appointed as Auditors of the Company to hold office from conclusion of this meeting until the conclusion of the 29th Annual General Meeting to be held in the calendar year 2019 subject to ratification by the members at every Annual General Meeting and that the Board of Directors are be and hereby authorized to fix their remuneration."

4. Appointment of Mr. Mihir R Ghatalia as Chairman and Managing Director

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

**"RESOLVED THAT** pursuant to recommendation and approval of the Board and subject to the provisions of Section 152 of the Companies Act, 2013 Mr. Mihir R Ghatalia, Managing Director of the Company be and is hereby accorded to be appointed as the Chairman cum Managing Director of the company with effect 9th February, 2018.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

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

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

### **REGISTERED OFFICE :**

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

**Date** : 14<sup>th</sup> August, 2018

**Place** : Mumbai

**NOTES:**

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

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

- The register of members and the share transfer books of the company will remain closed from 23rd September' 2018 to 29th September' 2018 (both days inclusive) in connection with the Annual General Meeting.
- Members are requested to send all transfer deeds, share certificates and other correspondence relating to registration of transfers, transmission endorsement of payment of allotment moneys, change in their address etc to the Registrar & Share Transfer Agents i.e

**LINK INTIME INDIA PRIVATE LIMITED**

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

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

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

- The Annual Report and Notice for the 28th AGM along with Attendance slip and Proxy form, is being send by electronic mode to all the shareholders whose email address are registered with the Company/ Depository Participant unless a member has requested for a hard copy of the same. For members who have not registered their email address, physicals copies have been send through permitted mode. Members are requested to bring their copy of the Annual Report at the meeting.

- Voting through electronic means:**

Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules the company is pleased to offer evoting facility to its members to cast their vote electronically for the 28th Annual General Meeting of the Company on 29th September, 2018. The Company has engaged the services of Central Depository Services (India) Ltd. ("CDSL") for providing e-voting facilities to the Members enabling them to cast their vote in a secure manner.

**The instructions for members for voting electronically are as under:-  
In case of members receiving e-mail:**

Log on to the e-voting website [www.evotingindia.com](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) <ul style="list-style-type: none"> <li>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.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. Members who have not updated their DOB with the Company/Depository Participant are requested to use 29.09.2018 in the DOB field
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date in the Dividend Bank details field.</b>

(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.
- (xvii) The e-voting period shall commence on September 26, 2018 (9:00 a.m. onwards) and ends on September 28, 2018 (5:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (xviii) Mr. Virendra Bhatt, Whole time Practicing Company Secretary, Mumbai has been appointed Scrutinizer to scrutinize the evoting process in a fair and transparent manner.
- (xix) The Scrutinizer shall within a period not exceeding two days from the conclusion of evoting period unblock the votes in the presence of two witnesses not in employment of the Company and make scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the Company.
- (xx) The Results shall be declared on or after the AGM of the Company. The Result declared alongwith the Scrutinizer's Report shall be placed on the Company website at [www.aareydrugs.com](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).

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

**Item No. 4.**

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

Mr. Mihir R Ghatalia, Chairman cum Managing Director of the Company, shall not be liable to retire by rotation. The Board recommends the resolution for your approval.

None of the Directors except Mr. Mihir R Ghatalia is concerned or interested in the said resolution.

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

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

**REGISTERED OFFICE :**

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

## DIRECTORS REPORT

The Shareholders,

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

### **FINANCIAL RESULTS:**

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

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

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

### **DIVIDEND**

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

### **DEPOSITS**

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

### **CORPORATE SOCIAL RESPONSIBILITY**

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

### **DIRECTOR**

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

### **DIRECTORS RESPONSIBILITY STATEMENT**

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

- i) that in preparation of the Annual Accounts for the year ended 31st March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures , if any;



- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of financial year ended 31st March, 2018 and the profit/(Loss) of the Company for the year under review;
- iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts for the year ended 31st March, 2018 have been prepared on a "going concern basis"
- v) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

### **ANNUAL RETURN**

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

### **AUDITORS**

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

### **SECRETARIAL AUDIT REPORT**

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

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

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

### **BOARD MEETINGS**

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

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

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

### **COMMITTEES OF THE BOARD**

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

### **AUDIT COMMITTEE**

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

### **CORPORATE GOVERNANCE**

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

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

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

### **EMPLOYEES:**

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

### **REMUNERATION:**

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

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

### **DISCLOSURE UNDER SECTION 164**

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

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

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

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

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

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

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

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

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

A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company- (Section 134(3)(n) of the Companies Act, 2013) - **NA**

the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;- (Section 134(3)(o) of the Companies Act, 2013). - **NA**

During the year under review, the Board evaluated its performance and as well as that of its Committees and Individual Directors, including the Chairman of the Board. Separate exercise was carried out to evaluate the performance of Non- Independent Directors including the Board Chairman who were evaluated on parameters such as Key achievements, short term and long term targets, challenges faced, Implementation of Strategic decisions, organizational success, participation and attendance in Board and Committee Meetings etc. The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

Board's Policy on appointment and remuneration: The current policy is to have an appropriate mix of executive, no-executive and independent directors. As of 31st March, 2018 the Board has four Directors including one woman director.

#### **As per Rule 8 of Companies (Accounts) Rules, 2014.**

The change in the nature of business, if any; - **NIL**

The details of directors or key managerial personnel who were appointed or have resigned during the year;

**i) Mr. Lalit R Tulsiani (Whole time director) - date of resignation 15th December, 2017.**

**ii) Mr. Jagdish Shah (Chairman) - date of resignation 9th February, 2018.**

The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future; - **NIL**

The details in respect of adequacy of internal financial controls with reference to the Financial Statements.- **NIL**

A disclosure, as to whether maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained, (Inserted by The Companies (Accounts) Amendment Rules, 2018) - **NA**

The Company has constituted an Internal Complaint Committee pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for prevention, prohibition and redressal of complaints/grievances on the sexual harassment of women at work places. Your Directors further states that during the year under review, there were no cases filed pursuant to the above Act.

#### **ACKNOWLEDGMENTS**

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 : 30<sup>th</sup> May, 2018**

**ANNEXURE TO DIRECTOR'S REPORT**
**ANNEXURE - "A"**
**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
As on financial year ended on 31.03.2018**

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

I. REGISTRATION & OTHER DETAILS:		
1	CIN	L99999MH1990PLC056538
2	Registration Date	15-05-90
3	Name of the Company	AAREY DRUGS & PHAMACEUTICALS LIMITED
4	Category/Sub-category of the Company	Company limited by shares
5	Address of the Registered office & contact details	E-34, MIDC, Tarapur,Boisar, Dist. Thane -401506 Ph: 022-23455543
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. C-101, 247 Park, L. B. S. Marg, Vikhroli (W), Mumbai -400 083. Ph.: 022 - 25946970

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	trading in Petro chemicals and drugs intermediate	46102	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
S. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	NIL				

**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(i) Category-wise Share Holding**

Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	

**A. Shareholding of Promoter and Promoter Group**

<b>[1] Indian</b>									
(a) Individuals / HUF	6537552	0	6537552	'36.1497	7738552	0	7738552	'33.0924	'-3.0573
(b) Central Government / State Government(s)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c) Financial Institutions / Banks	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d) Any Other (Specify) Bodies Corporate	3120000	0	3120000	'17.2522	3920000	0	3920000	'16.7631	'-0.4891
Sub Total (A)(1)	9657552	0	9657552	'53.4018	11658552	0	11658552	'49.8555	'-3.5463
<b>[2] Foreign</b>									
(a) Individual (NRI / Foreign Individuals)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(b) Government	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c) Institutions	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d) Foreign Portfolio Investor	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(e) Any Other (Specify)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
Sub Total (A)(2)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	9657552	0	9657552	'53.4018	11658552	0	11658552	'49.8555	'-3.5463

**(B) Public Shareholding**

<b>[1] Institutions</b>									
(a) Mutual Funds / UTI	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(b) Venture Capital Funds	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c) Alternate Investment Funds	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d) Foreign Venture Capital Investors	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(e) Foreign Portfolio Investor	0	0	0	'0.0000	63000	0	63000	'0.2694	'0.2694
(f) Financial Institutions / Banks	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(g) Insurance Companies	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(h) Provident Funds/ Pension Funds	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(i) Any Other (Specify)	0	0	0	'0.0000	63000	0	63000	'0.2694	'0.2694
Sub Total (B)(1)	0	0	0	'0.0000	63000	0	63000	'0.2694	'0.2694

Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>[2] Central Government/ State Government(s)/ President of India</b>									
<b>Sub Total (B)(2)</b>	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
[3] Non-Institutions									
(a) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh.	2085109	553199	2638308	'14.5886	2610258	543299	3153557	'13.4856	'-1.1030
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	3411911	87460	3499371	'19.3499	2425782	87460	2513242	'10.7474	'-8.6025
(b) NBFCs registered with RBI	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c) Employee Trusts	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d) Overseas Depositories (holding DRs) (balancing figure)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(e) Any Other (Specify)									
Hindu Undivided Family	465501	0	465501	'2.5740	161575	0	161575	'0.6909	'-1.8831
NRI (Non Repat)	14397	0	14397	'0.0796	62203	0	62203	'0.2660	'0.1864
NRI (Repat)	37261	0	37261	'0.2060	127589	0	127589	'0.5456	'0.3396
Foreign Portfolio Investor (Individual)	0	0	0	'0.0000	3325000	0	3325000	'14.2187	'14.2187
Clearing Member	720335	0	720335	'3.9831	1181278	0	1181278	'5.0515	'1.0684
Bodies Corporate	1030479	21480	1051959	'5.8169	1117208	21480	1138688	'4.8694	'-0.9475
Sub Total (B)(3)	7764993	662139	8427132	'46.5982	11010893	652239	11663132	'49.8751	'3.2769
Total Public Shareholding(B) = (B)(1)+(B)(2)+(B)(3)	7764993	662139	8427132	'46.5982	11073893	652239	11726132	'50.1445	'3.5463
Total (A)+(B)	17422545	662139	18084684	'100.0000	22732445	652239	23384684	'100.0000	'0.0000
<b>(C) Non Promoter - Non Public</b>									
[1] Custodian/ DR Holder	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
[2] Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
Total (A)+(B)+(C)	7422545	662139	18084684	'100.0000	22732445	652239	23384684	'100.0000	

**(ii) Shareholding of Promoter**

S N	Shareholder's Name	Shareholding at the beginning of the year - 2016			Shareholding at the end of the year - 2017			% change in share holding during the year
		No. of Shares Held	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares Held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	MIHIR RAJESH GHATALIA	2820888	'15.5982	'0.0000	2820888	'12.0630	'0.0000	'-3.5352
2	BINA RAJESH GHATALIA	1804736	'9.9794	'0.0000	1805736	'7.7219	'0.0000	'-2.2575
3	NIMIT IMPEX PVT. LIMITED	1560000	'8.6261	'0.0000	1960000	'8.3816	'0.0000	'-0.2445
4	SURAJ TRADELINKS PVT LTD	1560000	'8.6261	'0.0000	1960000	'8.3816	'0.0000	'-0.2445
5	DAMAYANTI P. GHATALIA	1292337	'7.1460	'0.0000	1292337	'5.5264	'0.0000	'-1.6196
6	RAJESH PRANLAL GHATALIA	379591	'2.0990	'0.0000	379591	'1.6232	'0.0000	'-0.4758
7	MIRA MIHIR GHATALIA	240000	'1.3271	'0.0000	440000	'1.8816	'0.0000	'0.5545
8	NIMIT RAJESH GHATALIA	0	'0.0000	'0.0000	1000000	'4.2763	'0.0000	'4.2763
	Total	9657552	'53.4018	'0.0000	11658552	'49.8555	'0.0000	'-3.5463

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

S N	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
1	MIHIR RAJESH GHATALIA AT THE END OF THE YEAR	2820888	12.0630			2820888 2820888	12.0630 12.0630
2	SURAJ TRADELINKS PVT LTD Transfer AT THE END OF THE YEAR	1560000	6.6710	26 Jan 2018	400000	1560000 1960000 1960000	6.6710 8.3816 8.3816
3	NIMIT IMPEX PRIVATE LTD Transfer AT THE END OF THE YEAR	1560000	6.6710	26 Jan 2018	400000	1560000 1960000 1960000	6.6710 8.3816 8.3816
4	BINA RAJESH GHATALIA Transfer AT THE END OF THE YEAR	1804736	7.7176	29 Dec 2017	1000	1804736 1805736 1805736	7.7176 7.7219 7.7219
5	DAMAYANTI P. GHATALIA AT THE END OF THE YEAR	1292337	5.5264			1292337 1292337	5.5264 5.5264
6	NIMIT RAJESH GHATALIA Transfer AT THE END OF THE YEAR	0	0.0000	26 Jan 2018	1000000	0 1000000 1000000	0.0000 4.2763 4.2763
7	MIRA MIHIR GHATALIA Transfer AT THE END OF THE YEAR	240000	1.0263	26 Jan 2018	200000	240000 440000 440000	1.0263 1.8816 1.8816
8	RAJESH PRANLAL GHATALIA AT THE END OF THE YEAR	379591	1.6232			379591 379591	1.6232 1.6232

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

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

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

S N	Shareholding at the beginning of the year - 2017	Transactions during the year		Cumulative Shareholding at the end of the year - 2018			
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
1	INDIA OPPORTUNITIES GROWTH FUND LTD - PINWOOD STRATEGY AT THE END OF THE YEAR	0	0.0000			0 1125000	0.0000 4.8108
2	LTS INVESTMENT FUND LTD AT THE END OF THE YEAR	0	0.0000			0 1100000	0.0000 4.7039
3	NOMURA SINGAPORE LTD AT THE END OF THE YEAR	0	0.0000			0 1100000	0.0000 4.7039
4	SHRIRAM INSIGHT SHARE BROKERS LTD AT THE END OF THE YEAR	0	0.0000			0 445758	0.0000 1.9062
5	ARCADIA SHARE & STOCK BROKERS PVT LTD AT THE END OF THE YEAR	376697	1.6109			376697 238270	1.6109 1.0189
6	LIMPET INFRASTRUCTURE PRIVATE LIMITED AT THE END OF THE YEAR	0	0.0000			0 225000	0.0000 0.9622
7	SMC GLOBAL SECURITIES LTD AT THE END OF THE YEAR	1240	0.0053			1240 203216	0.0053 0.8690
8	GAURANG SUBODHCHANDRA DESAI AT THE END OF THE YEAR	0	0.0000			0 200000	0.0000 0.8553
9	MANDIRA RAI AT THE END OF THE YEAR	0	0.0000			0 150000	0.0000 0.6414
10	ANKUR MODI AT THE END OF THE YEAR	57000	0.2437			57000 140000	0.2437 0.5987
11	CNI RESEARCH LIMITED AT THE END OF THE YEAR	160000	0.6842			160000 123200	0.6842 0.5268
12	MARWADI SHARES AND FINANCE LTD. AT THE END OF THE YEAR	201249	0.8606			201249 102336	0.8606 0.4376
13	URMILA RAMESHCHANDRA MEHTA AT THE END OF THE YEAR	430940	1.8428			430940 63903	1.8428 0.2733
14	BP EQUITIES PVT LTD AT THE END OF THE YEAR	164120	0.7018			164120 50	0.7018 0.0002
15	B N MITTAL AT THE END OF THE YEAR	183316	0.7839			183316 0	0.7839 0.0000
16	MANOJ VIJAYRAJ PARMAR AT THE END OF THE YEAR	168000	0.7184			168000 0	0.7184 0.0000
17	MANDIRA RAI AT THE END OF THE YEAR	0	0.0000			0 0	0.0000 0.0000
18	NIRMAL BANG FINANCIAL SERVICES PRIVATE LIMITED AT THE END OF THE YEAR	140000	0.5987			140000 0	0.5987 0.0000
19	PRIYANKA MODI AT THE END OF THE YEAR	0	0.0000			0 0	0.0000 0.0000



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

S N	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mihir R Ghatlia						
	At the beginning of the year			2,820,888	0.00%	2,820,888	16.15%
	Changes during the year			-	-	0.00%	-0.00%
	At the end of the year			2,820,888	15.60%	2,820,888	15.60%
2	Chetan K Mehta						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%
3	Satish M Sheth						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%
4	Damiyanti P Ghatalia						
	At the beginning of the year			1,292,337	0.00%	1,292,337	7.15%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			1,292,337	7.15%	1,292,337	7.15%
5	Sweta Podar (company Secretary)]						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.				(Amt. Rs./Lacs)	
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
<b>Indebtedness at the beginning of the financial year</b>					
i) Principal Amount	NIL	142,011.00	NIL	142,011.00	
ii) Interest due but not paid	NIL	NIL	NIL	-	
iii) Interest accrued but not due	NIL	NIL	NIL	-	
Total (i+ii+iii)	-	142,011.00	-	142,011.00	
<b>Change in Indebtedness during the financial year</b>					
* Addition	NIL	NIL	NIL	-	
* Reduction	NIL	142,011.00	NIL	142,011.00	
Net Change		142,011.00	-	142,011.00	
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount	NIL	NIL	NIL	-	
ii) Interest due but not paid	NIL	NIL	NIL	-	
iii) Interest accrued but not due	NIL	NIL	NIL	-	
Total (i+ii+iii)	-	-	-	-	

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

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

**B. Remuneration to other Directors**

S	Particulars of Remuneration	Name of Directors	Total Amount (Rs/Lac)
1	Independent Directors		
	Fee for attending board committee meetings		-
	Commission		-
	Others, please specify		-
	Total (1)	- - - -	
2	Other Non-Executive Directors		
	Fee for attending board committee meetings		-
	Commission		-
	Others, please specify		-
	Total (2)	- - - -	
	Total (B)=(1+2)	- - - -	
	Total Managerial Remuneration		300,000.00
	Overall Ceiling as per the Act		

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

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

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

**ANNEXURE TO DIRECTOR'S REPORT****ANNEXURE - "B"**

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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 & Pharmaceuticals Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aarey Drugs & 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 books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 prima facie complied with the statutory provisions listed hereunder:

I have examined the Statutory Registers, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under (Not Applicable to the Company during the Audit period);
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit period);
- (v) The following Regulations and Guidelines prescribed under 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;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- 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 31st March, 2018:-
  - (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (c) 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;
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The management is responsible for compliances of all business law and has generally adequate systems & processes in the Company commensurate with the size & operations of the Company to monitor & ensure compliance with applicable laws, rules, regulations & guidelines.
- (vii) I have also examined compliance with the applicable clauses of the following:
  - (a) The listing agreements entered into by the Company with the Bombay Stock Exchanges, Delhi Stock Exchanges & Ahmedabad Stock Exchange.
  - (b) Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India is prima facie complied.

During the period under review the Company has prima facie complied with the provisions of the Act, Rules,

Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:-

1. The Company has not filed Form DIR-12 for appointment of Mr. Rajesh Ghatalia as an additional director.
2. The Company has not filed Form DIR-12 for resignation of Mr. Rajesh Ghatalia from the post of additional director of the Company.

I further report that there were no instances for the Company to pay Gratuity & Retirement Benefits to the employees.

I further report that I have not examined the Financial Statement, financial Books & related financial Act like Income Tax, Sales Tax, Value Added tax, Goods and Service Tax Act, ESIC, external commercial borrowings as well as certain statutory dues as Provident fund, TDS, and interest on other statutory dues. I rely on observation & qualification if any made by statutory auditor's of the company in his report.

I further report that:-

1. I rely on statutory auditor's reports in relation to the financial statements and accuracy of financial figures for Sales Tax, Value Added Tax, Related Party Transactions, Provident Fund, ESIC, etc. as disclosed under financial statements, Ind AS 24 & note on foreign currency transactions during our audit period. I rely on observation & qualification if any made by statutory auditor's of the Company in his report.
2. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
3. As per the information provided by the Company adequate notice is prima facie given to all directors to schedule the Board Meetings, notices were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
4. As per the information provided by the Company majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
5. There are prima facie adequate systems & processes in the Company commensurate with the size & operations of the Company to monitor & ensure compliance with applicable laws, rules, regulations & guidelines.
6. That the management is responsible for compliances of all business laws. This responsibility includes maintenance of statutory registers/records/filing and statements required by the concerned authorities and internal control of the concerned department and we have relied on that.
7. During the audit period the Company has allotted 20,00,000 Equity Shares of the Company of nominal value of Rs. 10/- each for cash at a price of Rs. 36/- per share (Which includes premium of Rs. 26/- per share) pursuant to the Conversion of Convertible Warrants issued on Preferential Allotment basis.
8. During the audit period the Company has allotted 10,00,000 Convertible Warrants of Rs. 10/- at a price of Rs. 92.60/- per Convertible Warrants (including a premium of Rs. 82.60/- per convertible warrants) on preferential basis to Mr. Nimit R. Ghatalia, Promoter of the Company.
9. During the audit period the Company has allotted 33,00,000 Equity Shares at a price of Rs. 54.93 per Equity share (including premium of Rs. 44.93/- per Equity Share) to Qualified Institutional Buyers through Qualified Institutional Placement.
10. During the audit period the Company has prima facie complied the provisions in respect to loans given to the Directors and loan was repaid in the same year.

I further report that:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. 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.

Place : Mumbai  
Date : 30.08.2018

MS. I. JAVERI  
ACS No - 2209  
COP No - 7245

**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) OF THE COMPANIES ACT, 2013, READ WITH THE RULE 8 OF THE COMPANIES (ACCOUNT) RULES, 2014.**

**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 :**

<b>Particulars</b>	<b>2017-2018</b>	<b>2016-2017</b>
<b>(i) Electricity Purchased:</b>		
Units (KWH)	----	----
Total Amount (Rs.)		
Rate / Unit (Rs.)		
<b>(ii) Own generation</b>		
<b>a) Through diesel generator Unit</b>	----	----
Units per ltr. of diesel oil		
Cost / Unit		
<b>b) Through steam turbine/generator</b>		
Unit	9129.00	760627.00
Units per ltr. of fuel oil / gas	6.65	6.65
Cost / Unit	4.47	4.47
<b>(iii) Coal</b>		
Quantity (tones)	----	----
Total Cost		
Average rate		
<b>(iv) Furnance Oil / Diesel</b>		
Quantity (m.t.)	175.40	114.38
Total Amount (Rs.)	4853982.00	3400524.00
Average rate (Rs.)	27.70	29.75
<b>(v) Others/internal generation</b>		
Quantity	----	----
Total cost		
Rate / unit		
	<b>Quantity</b>	<b>Quantity</b>

	(in MTS)	(in MTS)
<b>C. ACTUAL PRODUCTION :</b>		
Production of industrial solvents & Thinner	-----	-----
<b>RESEARCH &amp; DEVELOPMENT (R &amp; D):</b>		
i) Specific areas in which R & D is conducted By the company :		
ii) Benefits derived as a result of above R & D :		
iii) Further Plan of Action :		
iv) Management Review :		
v) Expenditure on R&D :	2017-2018	2016-2017
	(Rs.)	(Rs.)
a) Capital	-----	-----
b) Recurring Total	-----	-----
c) Total R&D Expenditure as a Percentage of total turnover		
<b>D. TECHNOLOGY, ABSORPTION, ADAPTION AND INNOVATION :</b>	2017-2018	2016-2017
	(Rs.)	(Rs.)
a) Efforts, in brief, made towards technology Absorption, adaption and innovation		
b) Benefits derived as a result of the above	-----	----
	2017-2018	2016-2017
	(Rs.)	(Rs.)
c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	-----	----
1. Technology import		
2. Year of import		
3. Has technology ben fully absorbed		
4. If not fully absorbed, areas where this has not taken place, Reasoms there for and future Plans of action		
<b>E. FOREIGN EXCHANGE EARNINGS AND OUTGO:</b>	2017-2018	2016-2017
	(Rs.)	(Rs.)
Activities relating to exports ; initiative taken To increase exports ;development of new Exports markets for products and services; and export plans; Total Foreign Exchange used Total Foreign Exchange earned (F.O.B.)	-----	-----

For and on behalf of the Board of Directors  
**Mihir R. Ghatalia**  
*Chairman and Managing Director*

Place: Mumbai  
Date : 30<sup>th</sup> May, 2018

## 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.34934.79 lacs. This has been mainly possible due to the efforts put in to achieve growth. The increased sales also reflect the improved performances of the company.

The paid-up equity share capital stood at Rs. 233.85 lacs. The Earnings per Share were Rs.2.64. As the company is going for expansion hence dividend not recommended.

During the year the company has made the following allotments to augment the resources of the Company, primarily for expansion and for future growth of the business;

- i The company has allotted 10,00,000 Warrants Convertible into equal number of Equity Shares on preferential basis to Mr. Nimit R Ghatalia, Promoter vide its Extra Ordinary General meeting held on 1st February, 2018, and
- ii. The company has allotted 33,00,000 Equity shares on preferential basis vide its Extra Ordinary General meeting held on 1st February, 2018 to Qualified Institutional Buyers.

### 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 safeguarded and protected against loss, theft, unauthorized use and damage from improper use.

### HUMAN RESOURCES / DEVELOPMENT

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

### OUTLOOK

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

## CORPORATE GOVERNANCE

### PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

### CORPORATE GOVERNANCE

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

The report on Corporate Governance is divided in to five parts

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

### I BOARD OF DIRECTORS

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

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



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

**B. REVIEW OF THE BOARD**

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

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

**C. BOARD MEETINGS**

The meetings of the Board of Directors are scheduled well in advance and the folder containing agenda for the meeting with detailed review of all aspects of the Company business, including Performance of the Company, Employee relations, details of Investments, Capital Expenditure, etc. is circulated to all the Directors before 7 days of the date of Board Meeting. It also highlights important matters discussed at the Audit Committee, Share Transfer Committee & Investor Grievance Committee of the Board. Four Board Meetings were held during the year on 30/05/2017, 14/08/2017, 14/09/2017, 29/09/2017, 12/10/2017, 15/11/2017, 15/12/2017, 09/02/2018, 15/02/2018, 12/03/2018, 15/03/2018, 20/03/2018 and 22/03/2018.

Name of Directors	No. of Board Meeting Held	No. of Board Meeting attended	Attendance at last AGM
Mr. Mihir R. Ghatalia	13	13	Yes
Mr. Chetan K. Mehta	13	13	Yes
Mr. Satish M. Sheth	13	12	Yes
Smt. Damiyanti P. Ghatalia	13	13	Yes

**D. CODE OF CONDUCT**

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

## II COMMITTEES OF THE BOARD

### A. AUDIT COMMITTEE

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

Name of Members	Category	Designation	No. of Meetings Attended
Mr. Mihir Rajesh Ghatalia	Managing Director	Member	12
Mr. Chetan K. Mehta	Non-Executive Independent	Chairman	12
Mr. Satish M. Sheth	Non-Executive Independent	Member	12

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

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

During the financial year the Audit Committee met 25/05/2017, 11/08/2017, 12/09/2017, 27/09/2017, 09/10/2017, 13/10/2017, 13/12/2017, 07/02/2018, 13/02/2018, 10/03/2018, 19/03/2018 & 21/03/2018.

### B REMUNERATION COMMITTEE

Remuneration Committee reviews and approves the annual salaries, performance commission, service agreements and other employment conditions for Executive Directors. During the financial year the Audit Committee met 18/07/2018 & 16/03/2018. The Composition of the Remuneration Committee is as under.

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

**Remuneration to Managing Director:**

Name of Directors	Designation	Salary	Perquisite	Total (Rs.)	Service Contract
Mr. Mihir R. Ghatalia	Managing Director	300000.00	NIL	300000.00	Re-appointed as Managing Director by the Board on 30th December, 2015 for a period of 3 years w.e.f 31/12/2015 to 30/12/2018 subject to shareholders' approval

**C. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE**

a. The Committee comprises of the following members

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

b. Name & Designation of Compliance Officer:

**Mrs. Sweta Poddar**

Bhakti Residency, Flat 803, Plot No.6, Sector-11, Sanpada  
Navi Mumbai - 400 705. Tel/ Fax No: 022-23455543

c. Number of Shareholder Complaints received during the year 2017-18: **02**

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

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

**GENERAL BODY MEETINGS**

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

Year	AGM / EGM	Date	Time	Venue	Special Resolution
2017-18	Postal	01/02/2018	9.00A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	YES
2017-18	AGM Ballot	29/09/2017	9.15A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	YES
2016-17	EGM	20/02/2017	10.00A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	YES
2016-17	AGM	30/09/2016	9.15A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	YES
2016-17	EGM	08/06/2016	9.30A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	YES
2015-16	AGM	25/09/2015	9.30A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	YES

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

### III DISCLOSURE

- a. There were no materially significant related party transactions with the promoters, Directors etc that may have potential conflicts with the interest of the company at large.
- b. There were no pecuniary relationships or transactions of Non Executive Directors vis- a- vis the Company.

### IV MEANS OF COMMUNICATION

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

### V SHAREHOLDERS INFORMATION

#### 1. ANNUAL GENERAL MEETING

- Date & Time : 29th September, 2018 at 9.15 a.m
- Venue : E-34, MIDC, Tarapur, Boisar  
Palghar - 401 506.

2. **Book Closure Date** : 23 September, 2018 to  
29 September, 2018 (both days inclusive)

3. **Registered Office** : E-34, MIDC, Tarapur, Boisar  
Palghar - 401 506.

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

5. **Stock Price Data & ISIN No :**

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

MONTH	HIGH	LOW
April -2017	109.80	96.95
May -2017	119.80	101.10
June -2017	125.00	113.20
July-2017	134.90	116.50
August-2017	132.00	96.00
September-2017	143.95	90.00
October-2017	94.70	51.40
November-2017	66.00	44.05
December-201	72.70	50.00
January-2018	66.45	54.05
February-2018	61.80	48.00
March-2018	63.50	44.60

6. **Registrar & Transfer Agents:**  
**LINK INTIME INDIA PVT. LTD.**  
C-101, 247 Park, L. B. S. Marg,  
Vikhroli (W), Mumbai - 400 083.

**7. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2018**

Shareholding of Nominal Shares	Shareholders		Share Amount (Rs)	
	Nos.	%	Rs.	%
1-5000	6857	81.4758	10662850	4.5598
5001-10000	753	8.9472	5967790	2.5520
10001-20000	356	4.23	5348620	2.2872
20001-30000	123	1.4615	3175560	1.3580
30001-40000	61	0.7248	2220350	0.9495
40001-50000	65	0.7723	3098510	1.3250
50001-100000	84	0.9981	6465580	2.7649
100001 & above	117	1.3902	196907580	84.2037
<b>Total</b>	<b>8416</b>	<b>100.00</b>	<b>233846840</b>	<b>100.00</b>

**8. CATEGORY OF SHAREHOLDINGS AS ON 31.03.2018**

Sr. No.	CATEGORY	DEMATED		PHYSICAL		TOTAL
		Shares	Holders	Shares	Holders	
1	Corporate Bodies (Promoter Co)	3920000	2	0	0	3920000
2	Foreign Portfolio Investor	3416735	6	0	0	3416735
3	Clearing Members	964384	73	0	0	964384
4	Other Bodies Corporate	1263130	103	21480	18	1241650
5	Hindu Undivided Family	308424	144	0	0	308424
6	Non Resident Indians	101421	63	0	0	101421
7	Non Resident (Non Repat)	89066	21	0	0	89066
8	Public	5666799	7897	630759	2130	5036040
9	Promoters	7738552	6	0	0	7738552
	<b>Total</b>	<b>23384684</b>	<b>8314</b>	<b>652239</b>	<b>2148</b>	<b>22732445</b>

**9. FINANCIAL RELEASE DATES FOR THE YEAR 2018-19**

QUARTER RELEASE DATE	TENTATIVE AND SUBJECT TO CHANGE
1 <sup>ST</sup> Quarter ending 30th June	End of July, 2018
2 <sup>ND</sup> Quarter ending 30th September	End of October, 2018
3 <sup>RD</sup> Quarter ending 31st December	End of January, 2019
4 <sup>TH</sup> Quarter ending 31st March	End on April, 2019

**10. DEMAT POSITION AS ON 31.03.18**

Total No. of Fully paid up shares	Shares in demat form	Percentage (%)	Shares in physical form	Percentage (%)
<b>23384684</b>	<b>22732445</b>	97.21%	<b>652239</b>	2.79%

11. The Company has 10,00,000 outstanding Convertible Warrants.

**Auditors' Certificate on Compliance of the conditions of Clause 49  
of the Listing Agreement (Corporate Governance) for the year  
ended 31st March, 2018**

To

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

We have examined the compliance of conditions of Corporate Governance by Aarey Drugs & Pharmaceuticals Limited for the year ended 31.03.2018, as stipulated in Clause 49 of the listing agreement of the said company with stock exchanges.

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

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

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

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

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

**CA. Manish Kankani**  
**Partner**  
**M. No. 158020**

Place: Mumbai

Date : 14<sup>th</sup> August, 2018

**DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

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

Dear Sir,

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

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the company, its promoter, its directors, senior management or its holding company, its subsidiary and associates as named in the annexure thereto which may affect my independence as director on the board of the company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the board level or at one level below the board and also have not been executive of the company in the immediately preceding three financial years.
- © I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
  - (i) the statutory audit firm or the internal audit firm that is associated with the company and
  - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the company i.e., owning two percent or more of the block of voting shares.

Thanking You,  
Yours Faithfully,

- (1) Chetan K. Mehta
- (2) Satish M. Sheth

Date: 30th May, 2018

Place: Mumbai

## INDEPENDENT AUDITOR'S REPORT

To,

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

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS Financial Statements of **AAREY DRUGS & PHARMACEUTICALS LTD** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Ind AS 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 Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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 Ind AS 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.



We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **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 Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit, 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report agree with the books of account.
  - d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the Directors as on 31st March, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2018 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - 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, as amended, 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 Ind AS Financial Statements.
    - ii. The Company did not have any long term contracts including derivative contract for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

**For DMKH & Co.**  
**Chartered Accountants**  
FRN. No. 116886W  
**CA. MANISH KANKANI**

**Partner**

**M.No 158020**

Place: Mumbai

Date: 30<sup>th</sup> May, 2018

**Annexure 'A'****ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

**Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report to the members of Aarey Drugs & Pharmaceuticals Limited of even date**

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

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of years
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are not held in the name of the Company.
- ii. a) As explained to us, management has conducted physical verification of inventory at regular intervals during the year.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses 3(iii) (a), (b) and (c) of the order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provision of section 185 and 186 of the Companies Act, 2013 in respect of loans, investment and guarantees, and securities, as applicable
- v. The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provision of Section 73 to 76 of the Act, any other relevant provision of the Act and the relevant rules framed thereunder.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company, thus reporting under clause 3(vi) of the order is not applicable to the Company.
- vii. a) According to information and explanations given to us and on basis of our examination of the books of account, and records, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Goods and Service Tax, Custom Duty, Excise Duty, Value Added Tax, cess and any other statutory dues with the appropriate authorities.
- b) According to the information and explanations given to us, the following undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Goods and Service Tax, Custom Duty, Excise Duty, Value Added Tax, cess and other material statutory dues were in arrears as at 31st of March, 2018 for a period of



more than six months from the date they became payable are as follows: -

Name of statute	Nature of dues	Amount (Rs)	Period to which amount is related	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	67,41,220/-	A. Y. 2007-08	CIT(A)MUMBAI
Income Tax Act, 1961	Income Tax	25,55,440/-	A. Y. 2011-12	CIT(A)MUMBAI
Income Tax Act, 1961	Income Tax	9,38,010/-	A. Y. 2012-13	CIT(A)MUMBAI
Income Tax Act, 1961	Income Tax	2,02,798/-	A. Y. 2013-14	CIT(A)MUMBAI
Income Tax Act, 1961	Income Tax	51,32,990/-	A. Y. 2015-16	CIT(A)MUMBAI
Income Tax Act, 1961	Income Tax	13,51,570/-	A. Y. 2016-17	CIT(A)MUMBAI

- c) According to the information and explanations given to us, there are no dues in respect of, Income-tax, Service Tax, Goods and Service Tax, Custom Duty, Excise Duty, Value Added Tax, cess that have not been deposited with appropriate authorities on account of dispute.
- 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 any loans from Government or any Financial Institution
- ix. Based on audit procedure and on the basis of information and explanation given by the management, we are of the opinion that money raised by Company by way of term loan have been applied for the purpose for which they were raised. The Company did not raise any money by way of Initial Public offer or further public offer.
- x. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company was noticed or reported during the year, although there were some instances of fraud on the Company noticed by the Management, the amounts whereof were not material in the context of the size of the Company and the nature of its business and the amounts were adequately provided for.
- xi. According to the information and explanations given to us, we report that managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable, for all transactions with the related party and the details of related party transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- xiv. During the Year, the Company has not made any preferential allotment or private placement of shares fully or partly paid convertible debentures and hence, reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In Our opinion and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or person connected with him. Accordingly, the provision of clause 3 (xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**CA. MANISH KANKANI**  
**Partner**  
**M.No. 158020**

Place: Mumbai  
 Date: 30<sup>th</sup> May, 2018

**Annexure - B to the Auditors' Report**  
**REPORT ON INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

**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, 2018 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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, 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**CA. MANISH KANKANI**  
**Partner**  
**M.No. 158020**

Place: Mumbai

Date : 30<sup>th</sup> May, 2018

**BALANCE SHEET AS ON 31ST MARCH, 2018**

PARTICULARS	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
		(In ₹)	(In ₹)	(In ₹)
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
(a) Property, Plant and Equipments	4	117,129,243	121,454,851	78,505,885
(b) Capital Work in Progress		3,418,461	-	-
<b>Financial Assets</b>				
(i) Investments	5	4,400,000	4,400,000	4,400,000
(ii) Trade receivables		-	-	-
(iii) Loans		-	-	-
(iv) Others Financial Assets	6	84,343	268,473	-
(e) Deferred Tax Assets (net)		-	-	-
(f) Other Non Current Assets		-	-	-
(g) Income Tax Asset (net)		-	-	-
<b>Total Non-Current Assets</b>		<b>125,032,047</b>	<b>126,123,324</b>	<b>82,905,885</b>
<b>Current Assets</b>				
(a) Inventories		147,749,673	52,101,805	20,764,104
(b) Financial Asset		-	-	-
(i) Investments		-	-	-
(ii) Trade Receivables	7	952,972,329	818,566,121	724,786,956
(iii) Cash and Cash Equivalents		5,236,734	6,041,354	1,487,100
(iv) Other Balances with Banks		28,659,904	4,337,808	14,730,274
(v) Loans and Advances	8	234,000	223,000	95,300
(vi) Others	9	26,230,850	19,228,483	16,765,807
(c) Current Tax Assets (net)		-	-	-
(d) Other Current Assets	10	411,802,166	398,334,085	385,366,780
<b>Total Current Assets</b>		<b>1,572,885,656</b>	<b>1,298,832,657</b>	<b>1,163,996,322</b>
<b>TOTAL ASSETS</b>		<b>1,697,917,703</b>	<b>1,424,955,980</b>	<b>1,246,902,206</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	11	233,846,840	180,846,840	168,146,840
(b) Other Equity	12	568,600,145	311,055,752	187,569,873
<b>Total Equity</b>		<b>802,446,985</b>	<b>491,902,592</b>	<b>355,716,713</b>
<b>LIABILITIES</b>				
<b>Non Current Liabilities</b>				
(a) Financial Liabilities		-	-	-
(i) Borrowings	13	563,947	725,464	875,368
(ii) Trade Payable		-	-	-
(iii) Other financial Liabilities		-	-	-
(b) Provisions		-	-	-
(c) Other Non-Current Liabilities		-	-	-
(d) Deferred Tax Liabilities (net)	14	12,975,055	15,335,940	11,256,735
<b>Total Non-Current Liabilities</b>		<b>13,539,002</b>	<b>16,061,404</b>	<b>12,132,103</b>
<b>Current Liabilities</b>				
(a) Financial Liabilities		-	-	-
(i) Borrowings	15	31,795,402	103,197,704	144,478,807
(ii) Trade Payables	16	775,792,691	745,472,870	719,451,262
(iii) Other Financial Liabilities	17	1,744,225	1,666,680	964,366
(b) Provisions	18	31,765,991	24,492,963	8,163,150
(c) Other Current Liabilities	19	40,833,407	42,161,768	5,995,806
(d) Deferred Tax Liabilities (net)		-	-	-
<b>Total Current Liabilities</b>		<b>881,931,716</b>	<b>916,991,985</b>	<b>879,053,391</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,697,917,703</b>	<b>1,424,955,981</b>	<b>1,246,902,207</b>

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

FOR DMKH & CO.,

For AAREY DRUGS & PHARMACEUTICALS LTD

Chartered Accountants

Firm Registration No. : 116886W

CA. MANISH KANKANI

MIHIR R. GHATALIA

DAMYANTIP. GHATALIA

Partner

Chairman & Managing Director

Director

MNo. 158020

Place : MUMBAI

RAJESH P. GHATALIA SWETA PODDAR Place : MUMBAI

Date : 30<sup>th</sup> May, 2018

Chief Financial Officer Company Secretary Date : 30<sup>th</sup> May, 2018

**PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2018**

PARTICULARS	Note No.	For year ended	For year ended
		31 March, 2018	31 March, 2017
		(In ₹)	(In ₹)
Revenue from Operations	20	3,493,479,306	3,959,670,409
Other Income	21	31,832,661	33,370,790
<b>TOTAL INCOME</b>		<b>3,525,311,967</b>	<b>3,993,041,199</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	22	3,469,286,627	3,861,219,587
Changes in inventories	23	(95,647,868)	(31,337,701)
Employee Benefits Expense	24	3,844,034	3,364,167
Finance costs	25	19,196,819	43,292,972
Depreciation and Amortization Expense	4	7,115,504	6,401,956
Other Expenses	26	39,600,841	30,316,401
<b>TOTAL EXPENSES</b>		<b>3,443,395,958</b>	<b>3,913,257,382</b>
Profit Before Exceptional Items and Tax		<b>81,916,009</b>	<b>79,783,817</b>
Exceptional Items			
<b>Profit Before Tax</b>			
Tax Expenses			
Current Tax		22,501,000	20,965,976
MAT Credit Entitlement/Reversal			
Deferred Tax		2,360,885	(4,079,205)
<b>Profit for the year</b>		<b>61,775,894</b>	<b>54,738,636</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		-	-
		0	0
<b>Total Comprehensive Income for the year</b>		<b>61,775,894</b>	<b>54,738,636</b>
Earnings per shareq - Face Value '10.00 per share			
(1) Basic (in')		2.64	3.03
(2) Diluted (in')		2.64	3.03
The accompanying notes form 1 to 26 an integral part of the Financial Statements			

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

For AAREY DRUGS & PHARMACEUTICALS LTD

**CA. MANISH KANKANI**  
Partner

**MIHIR R. GHATALIA**  
Chairman & Managing Director

**DAMYANTI P. GHATALIA**  
Director

M No. 158020  
Place : MUMBAI  
Date : 30<sup>th</sup> May, 2018

**RAJESH P. GHATALIA** **SWETA PODDAR** Place : MUMBAI  
Chief Financial Officer Company Secretary Date : 30<sup>th</sup> May, 2018

## ACCOUNTING POLICIES AND NOTES FORMING PART OF THE 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, Narshi Natha Street, Masjid, Mumbai - 400 009, Maharashtra. The Company is listed on the Bombay Stock Exchange (BSE).

The financial statements are approved for issue by the Company's board of directors on May 29, 2018.

### 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.

#### 2.1. 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"). These are the Company's first Ind AS financial statements and Ind AS 101, 'First-time Adoption of Indian Accounting Standards' has been applied. 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 2017, the Company's prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP").

These financial statements for the year ended 31 March 2018 are the first financial statement of the Company prepared in accordance with Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows including reconciliations and descriptions of the effect of the transition are provided in Note 3.

#### 2.2. 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.

### **2.3. 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.

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

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

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

### **2.5. Intangible Assets**

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

### **2.6. Impairment of Assets**

- i. Financial Assets

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

expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit and loss.

## ii. Non-Financial Assets

### Intangible Assets and Property, Plant and Equipment

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

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

## iii. Share Capital

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

## 2.7. Financial Instruments

### i. Investments and other financial assets

#### Initial recognition and measurement

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

#### Subsequent measurement

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

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

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

#### Equity investments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses for an equity investments, that is not held for trading, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income

when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### Derecognition

A financial asset is derecognised only when:

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

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

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

#### Offsetting Financial Instruments

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

## ii. Financial Liabilities

### Classification as debt or equity

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

### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### Subsequent measurement

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

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

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

### **Derecognition**

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

### **iii. Share Capital**

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

## **2.8. Fair Value Measurement**

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

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

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

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

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

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

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

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

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

## **2.9. Revenue recognition**

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

**Revenue from sales of goods**

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

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

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

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

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

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

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

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

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

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

##### **ii. Dividend**

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

#### **2.10. Inventories**

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

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

#### **2.11. Cash and Cash equivalents**

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

#### **2.12. Income Tax**

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

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

### **2.13. Employee Benefit Expense**

Short-term / long term obligations

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

#### **Defined contribution plan**

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

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

#### **Provision**

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

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

#### **Contingent liabilities**

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

#### **Contingent Assets**

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

## 2.15. Earning per share

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

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

## 2.16. Cash Flow statement

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

## 2.17. Foreign Currency Transactions

### Functional Currency

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

### Transactions and Translations

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

## 2.18. Leases

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

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

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



**NOTE 3****First Time Adoption****TRANSITION TO IND AS**

These are the First Financial Statements of the Company prepared in accordance with Ind AS.

The Accounting Policies set out in Note 1 have been applied in preparing the Financial Statements for the year ended March 31, 2018, the comparative information presented in these Financial Statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS Balance Sheet as at April 1, 2016 (the date of transition). In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in Financial Statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Previous GAAP). An explanation of how the transition from Previous GAAP to Ind AS has affected the financial position, financial performance and cash flows of the Company is set out in the following tables and notes:

**(A) :- EXEMPTIONS AND EXCEPTIONS AVAILED**

In preparing these Ind AS Financial Statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, as explained below. The resulting difference between the carrying values of the assets and liabilities in the Financial Statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This Note explains the adjustments made by the Company in restating its Previous GAAP Financial Statements, including the Balance Sheet as at April 1, 2016 and the Financial Statements as at and for the year ended March 31, 2017.

**a) Ind AS optional exemptions**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous GAAP to Ind AS.

**i) Deemed cost**

The Company has elected to measure all items of property, plant and equipment and intangible assets at its carrying value at the transition date.

**b) Ind AS mandatory exceptions**

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

**i) Estimates**

Estimates in accordance with Ind AS at the transition date will be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in Accounting Policies) unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP :

**1) Investment in equity instruments carried at FVPL or FVOCI****ii) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.



**Note 3.1**
**Reconciliation Between Previous GAAP to Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS.

**a) Reconciliation of equity as at March 31, 2017 and April 1, 2016**

Particulars	Notes	As at 31st March 2017			As at 1st April 2016 (Date of transition)		
		Regrouped Previous GAAP*	Effect of transition to Ind AS	As per Ind AS balance sheet	Regrouped Previous GAAP*	Effect of transition to Ind AS	As per Ind AS balance sheet
<b>ASSETS</b>							
<b>Non-Current Assets</b>							
(a) Property, Plant and Equipments	4	121,454,851	-	121,454,851	78,505,885	-	78,505,885
(b) Capital Work in Progress		-	-	-	-	-	-
(c) Investment Property		-	-	-	-	-	-
(c) Intangible Assets		-	-	-	-	-	-
(d) Financial Assets							
(i) Investments		-	-	-	-	-	-
(ii) Trade receivables		-	-	-	-	-	-
(iii) Loans	5	4,400,000	-	4,400,000	4,400,000	-	4,400,000
(iv) Others Financial Assets	6	268,473	-	268,473	-	-	-
(e) Deferred Tax Assets (net)		-	-	-	-	-	-
(f) Other Non Current Assets		-	-	-	-	-	-
(g) Income Tax Asset (net)		-	-	-	-	-	-
<b>Total Non Current Assets</b>		<b>126,123,324</b>	<b>-</b>	<b>126,123,324</b>	<b>82,905,885</b>	<b>-</b>	<b>82,905,885</b>
<b>Current Assets</b>							
(a) Inventories		52,101,805	-	52,101,805	20,764,104	-	20,764,104
(b) Financial Assets							
(i) Investments		-	-	-	-	-	-
(i) Trade Receivables	7	818,566,121	-	818,566,121	724,786,956	-	724,786,956
(ii) Cash and Cash Equivalents		6,041,354	-	6,041,354	1,487,100	-	1,487,100
(iii) Other Balances with Banks		4,337,808	-	4,337,808	14,730,274	-	14,730,274
(iv) Loans and Advances	8	223,000	-	223,000	95,300	-	95,300
(iv) Others	9	19,228,483	-	19,228,483	16,765,807	-	16,765,807
(c) Current Tax Assets (net)		-	-	-	-	-	-
(d) Other Current Assets	10	398,334,085	-	398,334,085	385,366,780	-	385,366,780
<b>Total Current Assets</b>		<b>1,298,832,657</b>	<b>-</b>	<b>1,298,832,657</b>	<b>1,163,996,322</b>	<b>-</b>	<b>1,163,996,322</b>
<b>TOTAL ASSETS</b>		<b>1,424,955,980</b>	<b>-</b>	<b>1,424,955,980</b>	<b>1,246,902,206</b>	<b>-</b>	<b>1,246,902,206</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
(a) Equity Share Capital	11	180,846,840	-	180,846,840	168,146,840	-	168,146,840
(b) Other Equity	12	326,391,692	-15,335,940	311,055,752	198,826,608	-11,256,735	187,569,873
<b>Total Equity</b>		<b>507,238,532</b>	<b>-15,335,940</b>	<b>491,902,592</b>	<b>366,973,448</b>	<b>-11,256,735</b>	<b>355,716,713</b>
<b>LIABILITIES</b>							
<b>Non Current Liabilities</b>							
(a) Financial Liabilities							
(i) Borrowings	13	725,464	-	725,464	875,368	-	875,368
(ii) Trade Payable							
(iii) Other financial Liabilities							
(b) Provisions							
(c) Other Non-Current Liabilities							
(d) Deferred Tax Liabilities (net)	14	-	15,335,940	15,335,940	11,256,735	11,256,735	-
<b>Total Non current liabilities</b>		<b>725,464</b>	<b>15,335,940</b>	<b>16,061,404</b>	<b>875,368</b>	<b>11,256,735</b>	<b>12,132,103</b>

Particulars	Notes	As at 31st March 2017			As at 1st April 2016 (Date of transition)		
		Regrouped Previous GAAP*	Effect of transition to Ind AS	As per Ind AS balance sheet	Regrouped Previous GAAP*	Effect of transition to Ind AS	As per Ind AS balance sheet
<b>Current Liabilities</b>							
(a) Financial Liabilities							
(i) Borrowings	15	103,197,704	-	103,197,704	144,478,807	-	144,478,807
(ii) Trade Payables	16	745,472,870	-	745,472,870	719,451,262	-	719,451,262
(iii) Other Financial Liabilities	17	1,666,680	-	1,666,680	964,366	-	964,366
(b) Provisions	18	24,492,963	-	24,492,963	8,163,150	-	8,163,150
(c) Other Current Liabilities	19	42,161,768	-	42,161,768	5,995,806	-	5,995,806
(d) Deferred Tax Liabilities (net)		-	-	-	-	-	-
<b>Total current liabilities</b>		<b>916,991,985</b>	-	<b>916,991,985</b>	<b>879,053,391</b>	-	<b>879,053,391</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,424,955,981</b>	-	<b>1,424,955,981</b>	<b>1,246,902,207</b>	-	<b>1,246,902,207</b>
Revenue from Operations	20	3,959,670,409	-	3,959,670,409			
Other Income	21	33,370,790	-	33,370,790			
<b>TOTAL INCOME</b>		<b>3,993,041,199</b>	-	<b>3,993,041,199</b>			
<b>EXPENSES</b>							
Cost of Materials Consumed	22	3,861,219,587	-	3,861,219,587			
Changes in inventories	23	-31,337,701	-	-31,337,701			
Employee Benefits Expense	24	3,364,167	-	3,364,167			
Finance costs	25	43,292,972	-	43,292,972			
Depreciation and Amortization Expense	4	6,401,956	-	6,401,956			
Other Expenses	26	30,316,401	-	30,316,401			
<b>TOTAL EXPENSES</b>		<b>3,913,257,382</b>	-	<b>3,913,257,382</b>			
Profit Before Exceptional Items and Tax		79,783,817	-	79,783,817			
Exceptional Items							
<b>Profit Before Tax</b>							
Tax Expenses		20,965,976	-	20,965,976			
Current Tax							
MAT Credit Entitlement/ Reversal							
Deferred Tax		-	-4,079,205	-4,079,205			
<b>Profit for the year</b>		<b>58,817,841</b>	<b>-4,079,205</b>	<b>54,738,636</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>58,817,841</b>	<b>-4,079,205</b>	<b>54,738,636</b>			

\* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

"Impact of Ind AS adoption on the Standalone Statements of Cash Flows for the year ended March 31, 2017"

The transition from Previous GAAP to Ind AS has not had a material impact on the Statement of Cash Flows.

**Note 3.2****NOTES TO RECONCILIATION BETWEEN IGAAP AND IND AS****a) Property, plant and equipment, and Intangible assets**

The Company has elected to measure all items of property, plant and equipment and intangible assets at its carrying value at the transition date.

**b) Leasehold land**

In terms of Ind AS, the Company has identified, classified and presented transaction of leasehold land as finance lease upon the terms and conditions in existence as on date of transition to Ind AS.

**c) Investments in debt instruments - interest free loans**

Loans given is a financial asset, which needs to be measured at amortised cost. As per Previous GAAP interest free loans was measured at transaction amount. In accordance with Ind AS 109 Financial Instruments, the Company has measured the loan given retrospectively at amortised cost on the date of transition.

Accordingly, the difference between the transaction amount and its fair value at the date of transaction has been recorded as deferred interest expense with a corresponding impact to the loans.

**d) Deferred tax**

Under Previous GAAP, deferred tax were accounted for using the income statement approach which focuses on differences between taxable profit and accounting profit for the period. Ind AS requires entities to account for deferred taxes using the Balance Sheet approach which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred taxes on temporary differences which were not required to be recorded under Previous GAAP.

In addition, the various transitional adjustments have led to deferred tax implications which the Company has accounted for. Deferred tax adjustments are recognised in correlation to the underlying transaction either in Retained earnings or Other Comprehensive Income on the date of transition.

**e) Retained earnings**

Retained earnings as at April 1, 2016 have been adjusted consequent to the above Ind AS transition adjustments.

**f) Other Comprehensive Income**

Under Ind AS, all items of income and expense recognised in a period are to be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss, but are shown in the Statement of Profit and Loss as Other Comprehensive Income which includes remeasurement of defined benefit plans, effective portion of gain | (loss) on cash flow hedging instruments and fair value gain | (loss) on FVOCI equity instruments. The concept of Other Comprehensive Income did not exist under Previous GAAP.

**Notes 4 : FIXED ASSETS**

Sr. No	Particulars	Useful life (Month)	Gross Block			Depreciation			Net Block		
			Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	WDV as on 31.03.2018
<b>Tangible Assets</b>											
1	Land	96	2,243,546	-	-	2,243,546	226,620	-	226,620	2,016,926	2,016,926
2	Factory Building	36	29,755,744	-	-	29,755,744	21,220,991	497,412	21,718,403	8,037,341	8,534,753
3	Plant & Machinery	36	205,932,458	2,743,364	-	208,675,822	96,739,107	6,385,272	103,124,379	105,551,443	109,193,351
4	Electronic Equipments		731,665	-	-	731,665	491,604	30,806	522,410	209,255	240,061
5	Furniture		692,562	-	-	692,562	346,526	36,624	383,150	309,412	346,036
6	Computer		743,960	-	-	743,960	600,143	15,357	615,500	128,460	143,817
7	Motor Car		2,245,607	-	-	2,245,607	1,383,443	127,181	1,510,624	734,983	862,164
8	Laboratory Equipment		139,056	-	-	139,056	132,103	-	132,103	6,953	6,953
9	Air Condition		339,182	46,531	-	385,713	228,390	22,853	251,243	134,470	110,792
	<b>TOTAL</b>		<b>242,823,780</b>	<b>2,789,895</b>	<b>-</b>	<b>245,613,675</b>	<b>121,368,927</b>	<b>7,115,505</b>	<b>128,484,432</b>	<b>117,129,243</b>	<b>121,454,851</b>
	<b>(Previous Year)</b>										

Note - Only 50% of the actual depreciation is been taken in the financial statements.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**NOTE: 5 INVESTMENTS IN EQUITY**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
Investment in equity			
(i) Shares of Transmedia Software Ltd	4,000,000	4,000,000	4,000,000
<b>Other Investments</b>			
(ii) Advance Paid for Plot At Kankavali	400,000	400,000	400,000
<b>TOTAL</b>	<b>4,400,000</b>	<b>4,400,000</b>	<b>4,400,000</b>

**NOTE: 6 OTHER CURRENT FINANCIAL ASSETS**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
Fixed Deposit with Dena Bank	3,565	-	-
Margin Money -kalupur bank	80,778	80,778	-
Margin Money - Saraswat bank	-	187,695	-
<b>TOTAL</b>	<b>84,343</b>	<b>268,473</b>	<b>-</b>

**NOTE: 7 TRADE RECEIVABLES**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
"Trade receivables outstanding for a period exceeding six months from the date they were due from 31.03.2018"			
Secured, considered good			
Unsecured, considered good, Doubtful	36,192,366	30,900,983	14408025
Other Trade receivables			
Secured, considered good			
Unsecured, considered good, Doubtful	916,779,963	787,665,138	710378931
<b>TOTAL</b>	<b>952,972,329</b>	<b>818,566,121</b>	<b>724786956</b>

**NOTE: 8 SHORT TERM LOANS AND ADVANCES**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
Advance to Employees	34,000	23,000	95,300
Advance to others	200,000	200,000	-
<b>TOTAL</b>	<b>234,000</b>	<b>223,000</b>	<b>95,300</b>

**NOTE: 9 OTHER FINANCIAL ASSETS**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
Statutory Deposits	23,144,012	17,041,645	14,661,889
Other Deposits	3,086,838	2,186,838	2,103,918
<b>TOTAL</b>	<b>26,230,850</b>	<b>19,228,483</b>	<b>16,765,807</b>

**NOTE: 10 OTHER CURRENT ASSETS**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
Advance to suppliers for Goods	388,848,798	398,059,155.13	383,629,511.91
Advance towards Expenses	21,897,368	274,930.00	1,737,268.00
Misc Expenditure not yet written off	1,056,000	-	-
<b>TOTAL</b>	<b>411,802,166.31</b>	<b>398,334,085.13</b>	<b>385,366,779.91</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**NOTE 11: SHARE CAPITAL**

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number of Shares	( In ₹ )	Number of shares	( In ₹ )
<b>(a) Authorised:</b> 25,000,000 Equity Shares of Rs. 10/- each (Previous year 25,000,000 Equity Shares of Rs 10/- each)	25,000,000	250,000,000	25,000,000	250,000,000
<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	18,084,684	180,846,840
<b>Total Issued, subscribed and fully paid-up shares</b>	<b>23,384,684</b>	<b>233,846,840</b>	<b>18,084,684</b>	<b>180,846,840</b>

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

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number of Shares	( In ₹ )	Number of shares	( In ₹ )
Equity Shares At the beginning of the year	18,084,684	180,846,840	16,814,684	168,146,840
Preferential Issue during the year *	5,300,000	53,000,000	1,270,000	12,700,000
Outstanding at the end of the year	<b>23,384,684</b>	<b>233,846,840</b>	<b>18,084,684</b>	<b>180,846,840</b>

**Note-** During the year company has issued shares as a preferential issue.

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

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

Name of the shareholder	As at 31.03.2018		As at 31.03.2017	
	No of Shares	% Share-holding	No of shares	% Share-holding
MIHIR RAJESH GAHTALIA	2,820,888	12.01	2,820,888	15.60
SURAJ TRADELINKS PVT. LTD.	1,960,000	8.38	1,560,000	8.63
NIMIT IMPEX PRIVATE LIMITED	1,960,000	8.38	1,560,000	8.63
BINA RAJESH GHATALIA	1,805,736	7.72	1,804,736	9.98
DAMYANTI PRANLAL GHATALIA	1,137,544	4.90	1,292,337	7.15
<b>TOTAL [ 5% &amp; above ]</b>	<b>9,684,168</b>	<b>41.39</b>	<b>9,037,961</b>	<b>49.98</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.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**NOTE: 12 OTHER EQUITY**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
Capital Reserve	2,000,000	2,000,000	2,000,000
Securities premium	348,522,053	165,596,883	107,153,060
Share Warrant	23,150,000	6,666,670	
Pending Share Application Money	-	3,640,000	
Profit & loss balance	133,152,199	78,416,813	89,673,548
Adj: Transition Adj			
Net Profit for the Period	61,775,893	58,814,590	-
Ind AS Transition		4,079,205	-11,256,735
<b>Closing Balance of Profit and Loss Account</b>	<b>194,928,092</b>	<b>133,152,199</b>	<b>78,416,813</b>
<b>TOTAL</b>	<b>568,600,145</b>	<b>311,055,752</b>	<b>187,569,873</b>

**NOTE: 13 LONG TERM BORROWINGS**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
Secured Vehicle Loan	563,947	725,464	875,368
<b>TOTAL</b>	<b>563,947</b>	<b>725,464</b>	<b>875,368</b>

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

**NOTE: 14 DEFERRED TAXES**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
Deferred Tax Liability	12,975,055	15,335,940	11,256,735
<b>TOTAL</b>	<b>12,975,055</b>	<b>15,335,940</b>	<b>11,256,735</b>

**NOTE: 15 FINANCIAL LIABILITIES - BORROWINGS**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
Secured Portion			
Dena Bank*	30,541,465	103,197,704	140,940,623
Unsecured Portion			
a) From Directors	-	-	-
b) From Others	1,253,937	-	3,538,184
<b>TOTAL</b>	<b>31,795,402</b>	<b>103,197,704</b>	<b>144,478,807</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

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**NOTE: 16 TRADE PAYABLES**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
For Goods	759,372,860	730,679,527	412,176,905
For Expenses	16,419,832	14,793,343	7,274,357
<b>TOTAL</b>	<b>775,792,691</b>	<b>745,472,870</b>	<b>719,451,262</b>

**NOTE: 17 OTHER FINANCIAL LIABILITIES**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
(a) Employees Profession Tax Payable	6,025	5,425	3,325
(b) T.D.S. Payable	240,187	102,734	238,505
(c) Service Tax Payable	537,441	513,126	94,920
(d) Provision for Expenses	921,801	897,293	523,325
(e) Service Tax Payable	-	148,102	104,291
(f) Provision for FBT	38,770	-	-
<b>TOTAL</b>	<b>1,744,225</b>	<b>1,666,680</b>	<b>964,366</b>

**NOTE: 18 PROVISIONS**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
Income tax (AY 2016-17)	-	-	8,163,150
Income tax (AY 2017-18)	-	24,492,963	-
Income tax (AY 2018-19)	31,765,991	-	-
<b>TOTAL</b>	<b>31,765,991</b>	<b>24,492,963</b>	<b>8,163,150</b>

**NOTE: 19 OTHER CURRENT LIABILITIES**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)	As at 01.04.2016 (In ₹)
Advance from Customers	40,183,407	42,161,768	5,995,806
Deposit received	650,000	-	-
<b>TOTAL</b>	<b>40,833,407</b>	<b>42,161,768</b>	<b>5,995,806</b>

**NOTE : 20 REVENUE FROM OPERATIONS**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)
1 Sale of Traded Goods	3,493,479,306	3,959,670,409
<b>TOTAL</b>	<b>3,493,479,306</b>	<b>3,959,670,409g</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**NOTE: 21 OTHER INCOME**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)
1 Interest Income against Trade Advances	25,415,335	29,096,637
2 Interest on late payment	417,192	248,209
3 Commission Received	337,950	1,068,665
4 Storage Income	568,042	742,154
5 MVAT Recievable	2,129,078	263,709
6 Misc. Income	9,973	1,951,416
7 Gst Rec	955,091	-
8 Discount Income	2,000,000	-
<b>TOTAL</b>	<b>31,832,661</b>	<b>33,370,790</b>

**NOTE: 22 COST OF PURCHASE**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)
1 Purchases	3,448,252,926	3,843,166,650
Add: Direct Expense	21,033,701	18,052,937
<b>TOTAL</b>	<b>3,469,286,627</b>	<b>3,861,219,587</b>

**NOTE: 23 CHANGES IN INVENTORY**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)
Opening Stock	52,101,805	20,764,104
Less: Closing Stock	-147,749,673	-52,101,805
<b>TOTAL</b>	<b>-95,647,868</b>	<b>-31,337,701</b>

**NOTE : 24 EMPLOYMENT BENEFIT EXPENSES**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)
1 Salaries	2,901,196	3,078,892
2 Staff Welfare Exp	113,184	129,571
3 Overtime Salary	-	155,704
4 Director Remuneration	300,000	-
5 Bonus	212,755	-
6 Gratuity Exp	290,000	-
7 Medical Exp	26,899	-
<b>TOTAL</b>	<b>3,844,034</b>	<b>3,364,167</b>

**NOTE: 25 FINANCE COST**

Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)
1 Bank Charges	114,227	80,284
2 Interest Exp (bank Interest)	17,575,746	15,449,947
3 Other Interest (LC Discounting charges)	320,369	27,027,296
4 Bank and other processing charges	1,186,477	735,445
<b>TOTAL</b>	<b>19,196,819</b>	<b>43,292,972</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**NOTE- 26 OTHER EXPENSES**

( In ₹ )

( In ₹ )

Sr. No.	Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)
1	Security Services Charges	-	533,387
2	Conveyance	105,226	96,519
3	Electricity Charges	363,946	364,052
4	Custodial Fees	110,000	120,000
5	Rent Rate & Taxes	2,677,389	8,859,791
6	Brokerage and Commission Expenses	4,824,624	4,772,811
7	Legal & Professional Charges	2,460,184	1,587,401
8	Motar Car Expenses	421,960	746,622
9	Printing & Stationary Exps.	162,174	111,665
10	Audit Fees	113,500	105,000
11	Communication Expenses	203,803	271,079
12	Repairs & Maintenance	246,964	2,578,114
13	Insurance Exps.	600,922	172,315
14	Donation Expenses	151,000	123,500
15	RTA Expenses	119,991	199,251
16	Sales promotion Expense	2,732,503	2,329,079
17	Advertisement Expenses	57,829	89,340
18	Carriage Outward Expenses	149,217	6,334,577
19	Miscellaneous Expenses	756,707	417,359
20	Office expenses	131,132	31,405
21	Right Issue expenses Written Off	-	473,134
22	Witten Off	473,098	-
23	Travelling Exp	9,223,031	-
24	Membership and Subscription Exp	24,406	-
25	Prefrential and QIP Issue Exp	285,000	-
26	VAT Exp	194,760	-
27	Storage Exp	665,195	-
28	Excise and Custom Duty	7,140,302	-
29	Loading and Unloading Exp	208,616	-
30	Clearing and Forwarding Charges	2,634,354	-
31	Taxes	2,338,008	-
32	Discount Exp	25,000	-
	<b>TOTAL</b>	<b>39,600,841</b>	<b>30,316,401</b>

**NOTES TO ACCOUNTS:**
**NOTE 27: AUDITOR REMUNERATION**

Sr. No.	Particulars	As at 31.03.2018 (In ₹)	As at 31.03.2017 (In ₹)
1	Statutory Audit Fees	93,500	105,000
2	Internal Audit Fees	20,000	-
	<b>TOTAL</b>	<b>113,500</b>	<b>105,000</b>

**NOTE 28: RELATED PARTIES AND NATURE OF RELATIONSHIP:**

Related Party	Nature of Relationship
Mihir R. Ghatalia	Managing Director
Jagdish K. Shah	Chairman
Chetan K. Mehta	Director
Satish M. Mehta	Director
Damyanti P Ghatalia	Relative of Managing Director & Woman Director
Bina R Ghatalia	Relative of Managing Director
Mira M Ghatalia	Relative of Managing Director
Rajesh P. Ghatalia	Relative of Managing Director
NimitImpex Pvt Ltd	Concern in which relatives of MD are substantially interested.
Suraj Tradelinks Pvt Ltd	Concern in which relatives of MD are substantially interested
Enam Organic India Ltd	Company in which director are substantially interested

**NOTE 29: RELATED PARTY TRANSACTION**

Particulars	Key Management Personnel	Relative of Key Management
Personnel & Others Remuneration	300,000	-
Rent Paid	1,980,000	-
<b>Loan Transactions</b>		
Opening Balance as on 01.04.2017	-	-
Loan amount taken	15,557,139	34,212,105
Loan amount given	15,557,139	34,212,105
<b>Credit Balance as on 31.03.2018</b>	-	-

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

**NOTE 30:- EARNING PER SHARE**

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

Particulars		2017-2018	2016-2017
Profit for the year attributable to the Equity Shareholders	Rs.	61,775,894	54,738,636
Basic   Weighted average number of Equity shares outstanding during the year	Number	23,384,684	18,084,684
Nominal value of Equity share	Rs.	10.00	10.00
<b>Basic and diluted Earning per Equity share</b>	<b>Rs.</b>	<b>2.64</b>	<b>3.03</b>

**Note 31: CURRENT AND DEFERRED TAX**

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

**Income tax expense**

Particulars	As at 31.03.2018	As at 31.03.2017
i) Current tax		
Current tax on profits for the year	22,501,000	20,965,976
Adjustments for current tax of prior period	-	-
Total current tax expense	22,501,000	20,965,976
ii) Deferred tax		
(Decrease)   Increase in deferred tax liabilities	(2,360,885)	4,079,205
Trfd to OCI on actuarial gain or loss	-	-
Total deferred tax expense (benefit)	(2,360,885)	4,079,205
Income tax expense	20,140,115	25,045,181

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 31.03.2018	As at 31.03.2017
a) Statutory income tax rate	25.75%	
30.90%		
b) Differences due to:		
i) Expenses not deductible for tax purposes	-	-
ii) Income exempt from income tax	-	-
iii) Income tax incentives	-	-
iv) Others	-	-
Effective income tax rate	25.75%	30.90%

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

**Current tax liabilities (net)**

Particulars	As at 31.03.2018	As at 31.03.2017
Opening balance	-	-
Add: Current tax payable for the year	-	-
Less: Taxes paid	-	-
Closing balance	-	-

**Current tax assets (net)**

Particulars	As at 31.03.2018	As at 31.03.2017
Opening balance	-	-
Add: Tax paid in advance, net of provisions during the year	-	-
Closing balance	-	-

**Deferred tax liabilities (net)**

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

Particulars	(charged)   Credited to profit or loss   OCI	As at "31-03-2017"	(charged)   Credited to profit or loss   OCI	As at "01-04-2016"
Property, plant and equipment	882,184	15,335,940	614,180	11,256,735
<b>Total deferred tax liabilities</b>	<b>(2,360,885)</b>	<b>15,335,940</b>	<b>4,079,205</b>	<b>11,256,735</b>

**"Unrecognised temporary differences"**

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

Previous Year's figures have been Rearranged wherever Necessary

**Note 32:- Disclosure Requirement Under MSMED Act, 2006**

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

**Note 33: Segment Information**

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

**CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION**

To,

The Board of Directors AAREY DRUGS & PHARMACEUTICALS LTD

I, Rajesh P Ghatalia, the undersigned, in our respective capacities as Chief Executive 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, 2018 and based on our knowledge and belief, I state that:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) I further state that to the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
- (i) Significant changes, if any, in the internal control over financial reporting during the year;
  - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

**Rajesh P. Ghatalia**  
Chief Executive Officer

Place : Mumbai

Date : May 30, 2018


**STATEMENT SHOWING CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31.03.2018**
**A) EQUITY SHARE CAPITAL**
**For the year ended 31st March, 2018**

Particulars	Balance as on 1st April 2017	changes in equity during the year	Balance as on 1st April 2018	For the year ended 31st March, 2017	Balance as on 1st April 2016	changes in equity during the year	Balance as on 31st March 2017
Balance as on 1st April 2017	18084684		23384684	16814684	1270000		18084684
Balance as on 31st March 2018	5300000						

**B) OTHER EQUITY**

Particulars	CAPITAL RESERVE	Securities Premium Reserve	Retained Earning	Reserve & Surplus		Effective portion of Cash Flow Hedges	Exchange differences of foreign operation	Other Comprehensive Income
				Share Warrant	Pending Share Application Money			
Total								
Balance as on 1st April 2016	2,000,000	107,153,080	78,416,813	-	-	-	-	187,569,873
Premium on Equity shares issued during the year	-	58,443,823	-	-	-	-	-	58,443,823
Pending Share Application Money	-	-	-	3,640,000	-	-	-	3,640,000
Share Warrants	-	-	6,666,670	-	-	-	-	6,666,670
Remeasurement of defined employee benefit plans transferred to statement of profit and loss ( Net of Taxes )	-	-	-	-	-	-	-	-
Profit for the year	-	-	54,735,386	-	-	-	-	54,735,386
Dividends including distribution tax	-	-	-	-	-	-	-	-
Transfer to retained earning/General Reserve	-	-	-	-	-	-	-	-
Any other changes	-	-	-	-	-	-	-	-
Balance as on 31st March 2017	2,000,000	165,596,883	133,152,200	6,666,670	3,640,000	-	-	311,055,753
Premium on equity shares issued during the year	-	182,925,170	-	-	-	-	-	182,925,170
Pending Share Application Money	-	-	-	-	-3,640,000	-	-	-3,640,000
Converted into Equity Shares	-	-	-	16,483,330	-	-	-	16,483,330
Share Warrants	-	-	-	-	-	-	-	-
Remeasurement of defined employee benefit plans transferred to statement of profit and loss ( Net of Taxes )	-	-	61,775,892	-	-	-	-	61,775,892
Profit for the year	-	-	-	-	-	-	-	-
Dividends including distribution tax	-	-	-	-	-	-	-	-
Transfer to retained earning/General Reserve	-	-	-	-	-	-	-	-
Any other changes	-	-	-	-	-	-	-	-
Balance as on 31st March 2018	2,000,000	348,522,053	194,928,092	23,150,000	-	-	-	568,600,145

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2018**

Particulars	Year ended 31st MARCH,2018	Year ended 31st March,2017
<b>A. Cash Flow from Operating Activities</b>		
Net profit before Tax as per Profit & Loss Account	81,916,009	79,783,817
Adjusted for:		
Depreciation	7,115,504	6,401,956
Risght Issue Expense	-	473,134
Finance Cost	<u>19,196,819</u>	<u>43,292,972</u>
Operating Profit before Working Capital Changes	108,228,333	129,951,879
Adjusted for:		
(Increase)/ Decrease in Inventories	-95,647,868	-31,337,701
(Increase)/ Decrease in Trade receivables	-134,406,208	-93,779,165
(Increase)/ Decrease in Short Term Loans & Advances	-11,000	-127,700
(Increase)/ Decrease in Other Current Assets	-20,470,448	-15,429,981
Increase/ (Decrease) in Provision	7,273,028	16,329,813
Increase/ (Decrease) in Trade Payables	30,319,821	26,021,608
Increase/ (Decrease) in Short Term Borrowings	-71,402,302	-41,281,103
Increase/ (Decrease) in Other Current Liabilities	<u>-1,250,816</u>	<u>36,868,276</u>
	-285,595,791	-102,735,953
Less: Taxes Paid	26,141,000	20,965,977
Cash Flow from Operating Activities (A)	<u>-203,508,459</u>	<u>6,249,949</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	-6,208,356	-49,354,173
FD with Banks	184,130	-268,473
Sale/(Purchase) of F.A.	-	-
Interest Received/Receivable	-	-
Net Cash used in Investing Activities (B)	<u>-6,024,226</u>	<u>-49,622,646</u>
<b>C. Cash Flow from Financing Activities</b>		
Issue of Equity share Capital	53,000,000	12,700,000
Repayment/Received of long term loans & advances	-161,517	-149,904
Share Application Money Received for Pending Allotment	-	3,640,000
Share Warrants	16,483,330	6,666,670
Finance Cost	-19,196,819	-43,292,972
Right Issue Expense	-	-473,134
Premium on Issue of Shares	<u>182,925,170</u>	<u>58,443,823</u>
Net Cash used in Financing Activities (C)	<u>233,050,163</u>	<u>37,534,483</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>23,517,479</b>	<b>-5,838,214</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>10,379,160</b>	<b>16,217,374</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b><u>33,896,639</u></b>	<b><u>10,379,160</u></b>

**Notes:**

- The above Cash flow Statement has been prepared under the "Indirect Method" set out in Ind AS-7 on Statement of Cash flow.
- Previous year figures have been reclassified to confirm with current Year's presentation, wherever applicable.
- This is the cashflows Statement referred to in our report of even date.

**FOR DMKH & CO.,**  
**Chartered Accountants**

Firm Registration No. : 116886W

**For AAREY DRUGS & PHARMACEUTICALS LTD**
**CA. MANISH KANKANI**  
**Partner**

M No. 158020

Place : MUMBAI

 Date : 30<sup>th</sup> May, 2018

**MIHIR R. GHATALIA**  
**Chairman & Managing Director**
**RAJESH P. GHATALIA**  
**Chief Financial Officer**
**DAMYANTI P. GHATALIA**  
**Director**
**SWETA PODDAR** Place : MUMBAI  
**Company Secretary** Date : 30<sup>th</sup> May, 2018



 **Aarey DRUGS & PHARMACEUTICALS LTD.**

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

**ATTENDANCE SLIP**

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

I hereby record my presence at the Twenty Eighth Annual General Meeting of the Company at E-34, MIDC, Tarapur, Boisar, Dist. Palghar. On September 29, 2018 At 09.15A.M.

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

DP ID No.\*

Client ID No.\*

Full Name of the Shareholder \_\_\_\_\_ Signature \_\_\_\_\_  
(in block letters)

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

\* Applicable for Investors holding shares in Electronic Forms.

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

 **Aarey DRUGS & PHARMACEUTICALS LTD.**

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

**PROXY FORM**

DP ID No.\*

Client ID No.\*

I

\_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ Member(s) of the above named Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my / our Proxy to attend and vote for me/us and my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held on September 29, 2018 at 09.15A.M. at E-34 , MIDC , Tarapur , Boisar , Dist. Palghar on and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

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

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

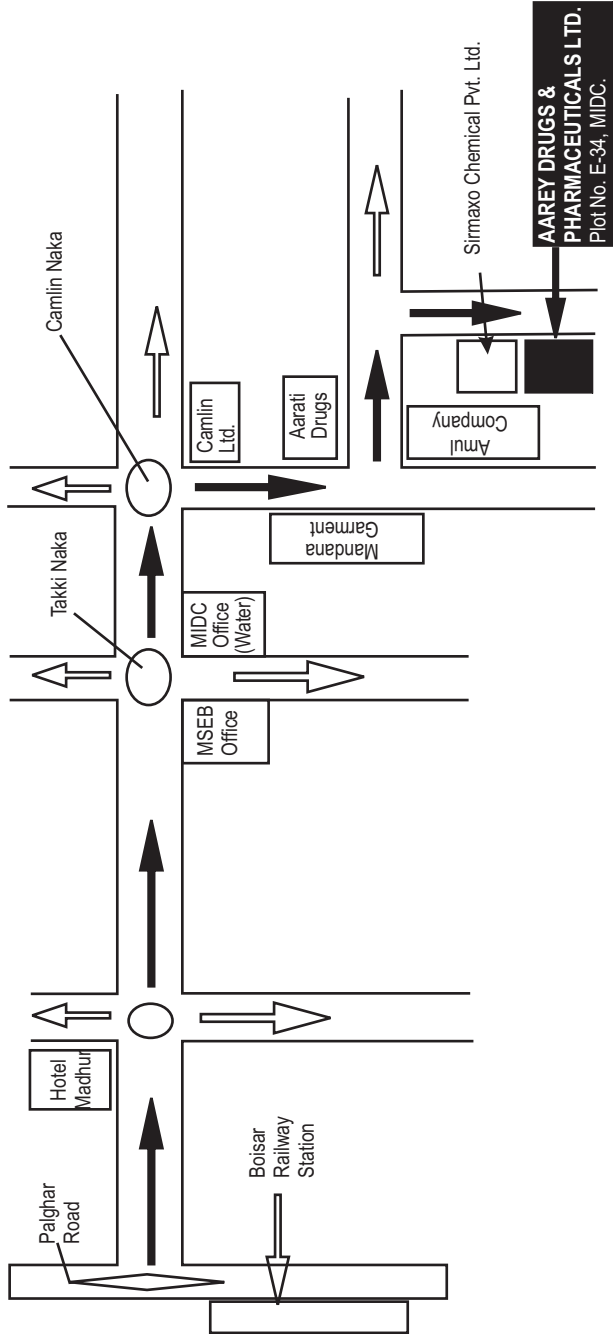
Affix  
Re 1/-  
Revenue  
Stamp

\*Applicable for Investors holding shares in Electronic Forms.

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



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



## BOOK - POST

To,

If undelivered please, return to :

**Aaréy** DRUGS & PHARMACEUTICALS LTD.

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