



Aarey

DRUGS & PHARMACEUTICALS LTD.

**23rd Annual Report
2012 - 2013**

**BOARD OF DIRECTORS**

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

Managing Director
 Chairman
 Director
 Director
 Director

REGISTERED OFFICE

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

HEAD OFFICE

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

WORKS

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

BANKERS

STATE BANK OF PATIALA
 Seepz++,
 Andheri (East) Branch
 INDIAN OVERSEAS BANK
 Vile Parle (East) Branch
 CANARA BANK
 Vile Parle (East) Branch

AUDITORS

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

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY THIRD ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON 20TH SEPTEMBER, 2013 AT E-34, MIDC, TARAPUR, BOISAR, DIST. THANE AT 9.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2013, the Balance sheet as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Chetan K Mehta, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint M/s DMKH and company, as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification/s, if any, the following resolution as an **ORDINARY RESOLUTION:**

Re-Appointment of Mr. Mihir R Ghatalia as the Managing Director of the Company for a period of three years with effect from December 31, 2012

“**RESOLVED THAT** subject to the provisions of Sections 198, 269, 309, 310, 311, 316 and 317 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to all the applicable statutory approvals, approval of the Company be and is hereby accorded to the re-appointment of Mr. Mihir R Ghatalia as the Managing Director of the Company with effect from December 31, 2012 for a period of three years on such terms and conditions as the Board may consider appropriate.”

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

RESOLVED FURTHER THAT Mr. Mihir R Ghatalia shall not be liable to retire by rotation in terms of Article 126 (1) of the Articles of Association.

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

Mihir R. Ghatalia
Managing Director

REGISTERED OFFICE :

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

Date : 28th August, 2013

Place : Mumbai

NOTES:

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

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

2. The relevant Explanatory Statement pursuant to the Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The register of members and the share transfer books of the company will remain closed from 17th September'2013 to 20th September'2013 (both days inclusive) in connection with the Annual General Meeting.
4. Members are requested to send all transfer deeds, share certificates and other correspondence relating to registration of transfers, transmission endorsement of payment of allotment moneys, change in their address etc to the Registrar & Share Transfer Agents i.e

LINK INTIME INDIA PRIVATE LIMITED

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

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

1	Name Of Director	Mr. Chetan K. Mehta
2	Age	44 Years
3	Date of Appointment	02-06-2008
4	Qualification	B.Com
5	Directorship held in other Limited Companies (Excluding Foreign Companies)	NIL
6	Committee position held in other companies	NIL
7	Number of Shares held	NIL

6. Members are requested to bring their copy of the Annual Report at the meeting.

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

Mihir R.Ghatalia
Managing Director

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

Date : 28th August, 2013
Place : Mumbai

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)Item No. 6

The Board of Directors of your Company has re-appointed Mr. Mihir R Ghatalia as the Managing Director for a period of three years with effect from December 31, 2012, subject to the approval of the Members of the Company at the 23rd Annual General Meeting.

Mr. Mihir R Ghatalia is 29 years of age and is a B.S in Chemical Engineering, from Virginia Polytechnic Institute & State University (Virginia Tech), Blacksburg, Virginia, USA. He is the Managing Director of our Company. After his studies, he has worked with Renoir Consulting Limited, U.K. As a Consultant he has experience in analyzing problems & identifying possible solutions for improving a manufacturing plant's performance and carried out mini implementation at one of India's leading detergent manufacturing company that resulted in production enhancement. He has also carried out successful projects at India's leading cable producer & one of world's top agro chemical manufacturing companies. He was a team member of a group assigned for designing, costing and building the effluent treatment plant. He has operated and serviced a number of process equipments like reactors, boilers and water coolers. Mr. Mihir R Ghatalia worked closely on several analytical lab equipments while working in the quality department and worked closely with the maintenance and safety departments of the plant. Mr. Mihir R. Ghatalia took over the management of our company after the erstwhile Chairman & Managing Director Mr. Rajesh P. Ghatalia, resigned on the grounds of ill health in year 2009. He started looking after the day-to-day operations of the company. Mr. Mihir R. Ghatalia is leading a team of highly qualified professionals, having rich & varied experience in multifarious fields like Finance, Risk Management, Forex management etc. He is also a member of American Institute of Chemicals Engineers.

The Board of Directors at their Meeting held on December 29, 2012 had approved (subject to the approval of the Members of the Company) the following terms and conditions of remuneration payable to Mr. Mihir R Ghatalia for a period of three years w.e.f. December 31, 2012:

Name of Directors	Designation	Salary	Perquisite	Total (Rs.)
Mr. Mihir R. Ghatalia	Managing Director	300000.00	8,05,817.02	11,05,817.02

In terms of Article 126 of the Articles of Association of the Company, so long as Mr. Mihir R Ghatalia holds office as the Managing Director of the Company, he 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.

DIRECTORS REPORT

To,
The Shareholders,
Your Directors have pleasure in presenting the Twenty Third Annual Report together with Audited Accounts for the year-ended 31st March, 2013.

FINANCIAL RESULTS:

	(In ₹)	(In ₹)
Particular	31 st March' 2013	31 st March' 2012
Income	1725120473.00	1306165678.00
Expenditure	1716095267.00	1302054450.00
(Loss)/ Profit Before Exceptional Item & Tax	9025206.00	4111228.00
Profit Before Tax	9025206.00	4111228.00
(Less)/ Add: Tax Expenses	(2442690.00)	(1272506.00)
Balance Carried To Balance Sheet	6582517.00	2838722.00

REVIEW OF OPERATIONS & FUTURE OUTLOOK

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

The Company has deployed Rs. 950 Lacs towards purchase of Plant & Machinery for the purpose of expansion as decided during the Rights Issue, thereby increasing the capacity, forward and backward integration. The Company expects to start its productions by the end of 2013. This will add to profitability of company

DIVIDEND

Your directors do not recommend any dividend for the year ended 31st March, 2013.

DEPOSITS

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

DIRECTOR

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

To re-appoint Mr. Mihir R. Ghatalia as the Managing Director of the Company for a period of 3 years w.e.f 31st December, 2012.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) that in preparation of the Annual Accounts for the year ended 31st March, 2013, 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, 2013 and the profit/(Loss) of the Company for the year under review;
- iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts for the year ended 31st March, 2013 have been prepared on a "going concern basis"

AUDITORS

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

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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

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

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

EMPLOYEES:

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

DISCLOSURE UNDER SECTION 274

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Jagdish K.Shah
CHAIRMAN

Place: Thane

Date : 30th May, 2013

ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE-“I”

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY :

- a) Energy conservation measures taken :
- i) The company has been strictly observing and monitoring the power consumption.
 - ii) The grinding operation with keeping the automatic regular of feeds has been maintained to minimize power consumption.
 - iii) Dual Fuel Burner was installed.
- b) Impact of above measures:
High power factor above 0.9 and optimization of the grind ability has been maintained.

B. POWER AND FUEL CONSUMPTION :

Particulars	2012-2013	2011-2012
(i) Electricity Purchased:		
Units (KWH)	—	—
Total Amount (Rs.)		
Rate / Unit (Rs.)		
(ii) Own generation		
a) Through diesel generator Unit	—	—
Units per ltr. Of diesel oil		
Cost / Unit		
b) Through steam turbine/generator		
Unit	8050	109125
Units per ltr. Of fuel oil / gas	5.45	5.45
Cost / Unit	---	5.00
(iii) Coal		
Quantity (tones)	—	—
Total Cost		
Average rate		
(iv) Furnance Oil / Diesel		
Quantity (k.ltrs.)		20000
Total Amount (Rs.)	40250	545626
Average rate (Rs.)	---	27.28
(v) Others/internal generation		
Quantity	---	---
Total cost		
Rate / unit		

	Quantity (in MTS)	Quantity (in MTS)
C. ACTUAL PRODUCTION :		
Production of industrial solvents & Thinner	----	----
RESEARCH & DEVELOPMENT (R & D):		
i) Specific areas in which R & D is conducted		
By the company :		
ii) Benefits derived as a result of above R & D :		
iii) Further Plan of Action :		
iv) Management Review :		
v) Expenditure on R&D :	2012-2013	2011-2012
	(Rs.)	(Rs.)
a) Capital	—	—
b) Recurring	—	—
Total		
c) Total R&D Expenditure as a Percentage of total turnover		
D. TECHNOLOGY, ABSORPTION, ADAPTION AND INNOVATION :	2012-2013	2011-2012
	(Rs.)	(Rs.)
a) Efforts, in brief, made towards technology Absorption, adaption and innovation		
b) Benefits derived as a result of the above	—	----
	2012-2013	2011-2012
	(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		
E. FOREIGN EXCHANGE EARNINGS AND OUTGO :	2012-2013	2011-2012
	(Rs.)	(Rs.)
Activities relating to exports ; initiative taken To increase exports ;development of new Exports markets for products and services; and export plans;	—	—
Total Foreign Exchange used		
Total Foreign Exchange earned (F.O.B.)		

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

Place: Thane
Date : 30th May, 2013

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.17230.74 lacs. This has been mainly possible due to the efforts put in to achieve growth. The increased sales also reflect the improved performances of the company. At present our company is only into trading activity and there is no manufacturing activity. In the meanwhile, company is getting the job work done from outside sources, so that there is no loss of turnover and profitability due to closure without compromising on the quality and security issues. The company has initiated necessary steps to re-commence production and the same is expected to start by end of 2013.

Expenditure increased from Rs. 13020.54 lacs. to Rs. 17160.95 Lacs

The paid-up equity share capital stood at Rs. 1681.47 lacs. The Earnings per Share were Rs. 0.39. As the company is going for expansion hence dividend not recommended.

RESOURCES AND LIQUIDITY

Primary liquidity needs have been to finance working capital needs. To fund these, the company relied on internal accruals and borrowings. The Company's unsecured loans are Rs. 16.93 lacs.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains effective internal controls, systems and procedures for management of its business. As a part of this process, system and procedures are regularly reviewed and strengthened. The internal controls systems cover the accounting, production and administration functions. The Company has appointed an outside internal audit agency to further assess the systems and provide valuable feedback on the systems and areas of improvement of the same. The Company has a proper and adequate system to ensure that all assets are safeguard and protected against loss, theft, unauthorized use and damage from improper use.

HUMAN RESOURCES / DEVELOPMENT

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

OUTLOOK

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

CORPORATE GOVERNANCE

PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

CORPORATE GOVERNANCE

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

The report on Corporate Governance is divided in to five parts

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

I BOARD OF DIRECTORS

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

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

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

B. REVIEW OF THE BOARD

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

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

C. BOARD MEETINGS

The meetings of the Board of Directors are scheduled well in advance and the folder containing agenda for the meeting with detailed review of all aspects of the Company business, including Performance of the Company, Employee relations, details of Investments, Capital Expenditure, etc. is circulated to all the Directors before 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 14/05/2012, 18/05/2012, 15/06/2012, 27/06/2012, 14/08/2012, 06/09/2012, 10/11/2012, 29/12/2012 and 13/02/2013.

Name of Directors	No. of Board Meeting Held	No. of Board Meeting attended	Attendance at last AGM
Mr. Lalit R. Tulsiani	9	9	Yes
Mr. Mihir R. Ghatalia	9	9	Yes
Mr. Jagdish K. Shah	9	9	Yes
Mr. Chetan K.Mehta	9	9	Yes
Mr. Satish M. Sheth	9	7	Yes

D. CODE OF CONDUCT

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

II COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

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

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

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

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

During the financial year the Audit Committee met 25/06/2012, 28/09/2012, 30/11/2012 & 28/03/2013.

B REMUNERATION COMMITTEE

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

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

Remuneration to Managing Director:

Name of Directors	Designation	Salary	Perquisite	Total (Rs.)	Service Contract
Mr. Mihir R. Ghatalia	Managing Director	300000.00	8,05,817.02	11,05,817.02	Re-appointed as Managing Director by the Board on 29 th December, 2012 for a period of 3 years w. e. f 31/12/2012 to 30/12/2015 subject to shareholders' approval

C. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

a. The Committee comprises of the following members

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

b. Name & Designation of Compliance Officer:

Mrs. Sweta Poddar

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

c. Number of Shareholder Complaints received so far: **79**

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
2012-13	AGM	29/09/12	09.30 A.M.	E-34, MIDC, Tarapur, Boisar, Thane-401 506.	NO
2012-13	EOGM	13/06/12	09.00 A.M.	E-34, MIDC, Tarapur, Boisar, Thane-401 506.	YES
2011-12	EOGM	02/05/11	09.00 A.M.	E-34, MIDC, Tarapur, Boisar, Thane-401 506.	YES
2010-11	AGM	30/09/11	09.30 A.M.	E-34, MIDC, Tarapur, Boisar, Thane-401 506.	NO
2009-10	AGM	30/09/10	09.30 A.M.	E-34, MIDC, Tarapur, Boisar, Thane-401 506.	NO

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

III DISCLOSURE

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

IV MEANS OF COMMUNICATION

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

V SHAREHOLDERS INFORMATION
1. ANNUAL GENERAL MEETING

- Date & Time : 20th September, 2013 at 9.30 a.m
- Venue : E-34, MIDC, Tarapur, Boisar
Thane - 401 506.

2. **Book Closure Date** : 17th September, 2013 to
20th September, 2013 (both days inclusive)

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

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

5. Stock Price Data & ISIN No :

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

MONTH	HIGH	LOW
April 2012	20.05	13.24
May -2012	26.15	17.85
June 2012	29.30	20.95
July-2012	31.70	24.10
August-2012	40.15	28.05
September-2012	52.70	34.35
October-2012	62.00	49.95
November-2012	57.80	49.45
December-2012	71.60	54.20
January-2013	66.00	45.70
February-2013	43.45	27.55
March-2013	33.20	15.55

**6. Registrar & Transfer Agents:
LINK INTIME INDIA PVT LTD.**

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

7. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013

No. of Equity Shares Held Nos.	Shareholders		Share Amount (Rs)	
	Nos.	%	Rs.	%
1-500	4366	83.78	6592510	3.92
501-1000	432	8.29	2983130	1.77
1001-2000	178	3.42	2398160	1.43
2001-3000	64	1.23	1588760	0.95
3001-4000	38	0.73	1409630	0.84
4001-5000	18	0.35	843070	0.50
5001-10000	32	0.61	2598350	1.54
10001 & above	83	1.59	149733230	89.05
Total	5211	100.00	168146840	100.00

8. CATEGORY OF SHAREHOLDINGS AS ON 31.3.2013

Sr. No.	CATEGORY	DEMATED		PHYSICAL		TOTAL
		Shares	Holders	Shares	Holders	
1	Other Corporate Bodied	4306392	94	21920	18	4328312
2	Clearing Member	1134485	37	0	0	1134485
3	Non Resident Indian	15145	15	0	0	15145
4.	Non Resident (Non Repatriable)	617	3	0	0	617
5.	Public	4645954	2869	681019	2171	5326973
6.	Promoters	6009152	4	0	0	6009152
	Total	16111745	3022	702939	2189	16814684

9. FINANCIAL RELEASE DATES FOR THE YEAR 2013-14

QUARTER RELEASE DATE	TENTATIVE AND SUBJECT TO CHANGE
1 ST Quarter ending 30 th June	End of July, 2013
2 nd Quarter ending 30 th September	End of October, 2013
3 rd Quarter ending 31 st December	End of January, 2014
4 th Quarter ending 31 st March	End on April, 2014

10. DEMAT POSITION AS ON 31.03.13

Total No. of Fully paid up shares	Shares in demat form	Percentage (%)	Shares in physical form	Percentage (%)
16814684	16111745	95.82%	702939	4.18%

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

**Auditors' Certificate on Compliance of the conditions of Clause 49
of the Listing Agreement (Corporate Governance)
for the year ended 31st March, 2013**

To

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

We have examined the compliance of corporate governance by **AAREY DRUGS & PHARMACEUTICALS LIMITED** for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures 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 explanations given to us, we certify that the Company has complied with the conditions for Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that none of the Investor Grievances is pending for a period exceeding one month, as at 31st March, 2013 against the Company as per 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 of the company has conducted the affairs of the Company.

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

CA. Durgesh Kabra
Partner
M.No. 044075

Place: Mumbai

Date : 29th May, 2013

AUDITORS' REPORT

To,
The Members of **Aarey Drugs & Pharmaceuticals Limited**
Report on the Financial Statements

We have audited the accompanying financial statements of **Aarey Drugs & Pharmaceuticals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

CA. DURGESH KABRA
Partner
M.No. 044075

Place: Mumbai
Date: 29/05/2013

ANNEXURE TO AUDITORS' REPORT**Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date**

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

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
- (ii) (a) As explained to us, inventories at site have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- (iii) (a) According to the information and explanations given to us, The Company had given unsecured loans (Interest Free) to Five Parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum principal amount involved during the year was Rs 54, 171,632 and Closing Balance is Rs 1,654,627.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company
- (c) As explained to us, principal amount and interest are also regular.
- (d) In respect of the said loans and interest thereon, there are no overdue amounts.
- (e) According to the information and explanations given to us, the Company has received unsecured loans (Interest free) from Three Parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum principal amount involved during the year was Rs. 6,323,955 and the balance outstanding at the end of the financial year from such Parties was Rs.2,633,655 Other than the above, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956
- (f) In our opinion, the rate of interest and other terms and conditions of the loans taken by the Company, are prima-facie not prejudicial to the interest of the Company;
- (g) The Payments of principal amounts and interest in respect of such loans during the year has been regular/as per stipulation.
- (iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations made to us, we are of the opinion that, the transactions in which directors were interested as contemplated under Section 297 and Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to market prices prevailing at that time.
- (vi) The Company has not accepted any deposits during the year under the provisions of section 58A and 58AA of the Companies Act, 1956, and the rules framed there under are not applicable.
- (vii) As explained to us, there is no formal internal audit system. However, the Company has adequate internal control procedure involving internal checking of its financial record
- (viii) As per information & explanation given by the management, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and the rules framed there under

(ix) **In Respect of statutory dues :**

- (a) According to the records of the Company, it has been generally regular in depositing, wherever applicable, undisputed statutory dues including Investor Education and Protection Fund, Wealth Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities. There have been delays during certain months in depositing Income Tax Deducted at Source, Service Tax and Value Added Tax dues. However, there were no amounts outstanding at the last day of the financial year for a period exceeding six months from the date they became payable Except in case of deduction and depositing of Professional tax of Company
- (b) On the basis of our examination of documents and records of the Company, and explanation provided to us, there were no disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or Cess, other than the following;

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount related	Forum where dispute pending
Income Tax Act, 1961	Income Tax	Rs 79,83,821/-	A.Y. 2000-2001	ITAT Mumbai
Income Tax Act, 1961	Income Tax	Rs. 592,527/-	A.Y. 2001-2002	ITAT Mumbai
Income Tax Act, 1961	Income Tax	Rs. 3,40,729/-	A.Y. 2002-2003	ITAT Mumbai
Income Tax Act, 1961	Income Tax	Rs. 58,94,180/-	A.Y. 2003-2004	ITAT Mumbai
Income Tax Act, 1961	Income Tax	Rs. 44,09,110/-	A.Y. 2004-2005	ITAT Mumbai

- (x) The Company does not have any accumulated losses as at 31st March, 2013. The company has not incurred cash losses during the financial year covered by our audit and immediately preceding financial year
- (xi) According to the records of the Company examined by us and the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders as at the Balance sheet date
- (xii) On the basis of the records examined by us and the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company;
- (xiv) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company;
- (xv) According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from banks or financial institutions;
- (xvi) The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not raised any funds on short-term basis. Accordingly clause 4(xvii) of the order is not applicable;
- (xviii) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956;
- (xix) On the basis of the records examined by us, we have to state that, the Company has not issued any debentures;
- (xx) The Company has not raised any monies through a public issue during the year;
- (xxi) According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.

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

CA. DURGESH KABRA
Partner
M.No. 044075

Place: Mumbai
Date : 29/05/2013

BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	Note No.	As at 31.03.2013	As at 31.03.2012
		(In ₹)	(In ₹)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	168,146,840	140,122,360
(b) Reserves and surplus	3	166,555,626	187,997,590
		334,702,466	328,119,950
Share application money pending allotment			
2 Non-current liabilities			
(a) Long-term borrowings	4	1,693,289	171,815
(b) Deferred tax liabilities		-	-
(c) Other long-term liabilities		-	-
(d) Long-term provisions		-	-
		1,693,289	171,815
3 Current liabilities			
(a) Short-term borrowings	5	46,913,465	44,136,603
(b) Trade payables	6	677,272,007	480,751,454
(c) Other current liabilities	7	1,741,017	6,591,443
(d) Short-term provisions	8	8,836,535	8,591,334
		734,763,024	540,070,834
TOTAL		1,071,158,779	868,362,598
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	40,781,661	39,429,115
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		3,304,376	8,781,275
(iv) Intangible assets under development		-	-
(v) Fixed assets held for sale		-	-
		44,086,037	48,210,390
(b) Non-current investments	10	32,300,000	15,940
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances		-	-
(e) Other non-current assets	11	940,580	1,254,107
		33,240,580	1,270,047
2 Current assets			
(a) Current investments		-	-
(b) Inventories	12	75,183,374	81,227,835
(c) Trade receivables	13	664,057,237	477,993,607
(d) Cash and cash equivalents	14	5,094,900	11,419,785
(e) Short-term loans and advances	15	15,644,869	82,440,992
(f) Other current assets	16	233,851,782	165,799,942
		993,832,162	818,882,161
TOTAL		1,071,158,780	868,362,598
Significant Accounting Policies			
	1		

The accompanying notes are an integral part of the financial statements

FOR DMKH & CO.,
Chartered Accountants

Firm Registration No. : 116886W

CA. DURGESH KABRA
PARTNER

M No. 044075

Place : MUMBAI

Date : 29th May, 2013

For AAREY DRUGS & PHARMACEUTICALS LTD

JAGDISH K SHAH
CHAIRMAN

MIHIR R. GHATALIA
MANAGING DIRECTOR

CHETAN K. MEHTA
DIRECTOR

Place : THANE

Date : 30th May, 2013

PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2013

PARTICULARS	Note No.	For year ended	For year ended	
		31 March, 2013	31 March, 2012	
		(In ₹)	(In ₹)	
A CONTINUING OPERATIONS				
1	Revenue from operations (gross)	17	1,723,074,445	1,304,807,312
2	Other income	18	2,046,028	1,358,366
3	Total revenue		1,725,120,473	1,306,165,678
4	Expenses			
	(a) Cost of Goods Sold	19	1,688,516,901	1,276,083,262
	(d) Employee benefits expense	20	2,761,965	2,609,661
	(e) Finance costs	21	7,631,616	7,487,058
	(f) Depreciation and amortisation expense	9	5,778,747	5,895,536
	(g) Other expenses	22	11,406,038	9,978,934
	Total expenses		1,716,095,267	1,302,054,450
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		9,025,206	4,111,227
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 + 6)		9,025,206	4,111,227
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 + 8)		9,025,206	4,111,227
10	Tax expense:			
	(a) Current tax expense for current year		2,442,690	1,272,506
	(b) (Less): MAT credit (where applicable)		-	-
	(c) Current tax expense relating to prior years		-	-
	(d) Net current tax expense		-	-
	(e) Deferred tax		-	-
			2,442,690	1,272,506
11	Profit / (Loss) for the year		6,582,517	2,838,721
12	Earnings per share (of Rs. 10/- each):			
	(a) Basic		0.39	0.20
	(b) Diluted		0.41	0.20
The accompanying notes are an integral part of the financial statements				

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

For AAREY DRUGS & PHARMACEUTICALS LTD

CA. DURGESH KABRA
PARTNER

JAGDISH K SHAH
CHAIRMAN

MIHIR R. GHATALIA
MANAGING DIRECTOR

CHETAN K. MEHTA
DIRECTOR

M No. 044075

Place: MUMBAI

Date: 29th May, 2013

Place: THANE

Date: 30th May, 2013

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

Nature of Business Activity :

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

(b) (Basis of Preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ("the Act"). The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

(c) Use of Estimates

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

(d) Revenue recognition

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

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

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

(ii) Intangible fixed assets

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

(f) Depreciation

Depreciation has been provided on Written down value Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on pro-rata basis from the date assets have been put to use.

However, the Company has not provided depreciation in the financial year 2001 to 2004 and has provided excess depreciation later on.

(g) Impairment of assets

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

(h) Investments

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

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

(i) Inventories

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

(j) Taxation

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

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

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

(k) Provision, Contingent Liabilities and Contingent Assets

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

(l) Retirement Benefits

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

(m) Earnings per share

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

(n) Cash flow statement

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

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE 2: SHARE CAPITAL

Particulars	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	(In ₹)	Number of shares	(In ₹)
(a) Authorised: 17,000,000 Equity Shares of Rs. 10/- each (Previous year 16,000,000 Equity Shares of Rs 10/- each)	17,000,000	170,000,000	16,000,000	160,000,000
(b) Issued, subscribed and fully paid-up shares: 16,814,684 Equity Shares of Rs. 10/- each fully paid up (Previous Year 14,012,236 Equity Shares of Rs. 10/- each)	16,814,684	168,146,840	14,012,236	140,122,360
Total Issued, subscribed and fully paid-up shares	16,814,684	168,146,840	14,012,236	140,122,360

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

Particulars	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	(In ₹)	Number of shares	(In ₹)
Equity Shares At the beginning of the year	14,012,236	140,122,360	5,000,400	50,004,000
Bonus Issue during the year*	2,802,448	28,024,480	-	-
Right issue**	-	-	9,011,836	90,118,360
Outstanding at the end of the year	16,814,684	168,146,840	14,012,236	140,122,360

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

**Previous year company had issued 9,011,836 number of Equity Shares of rs 10 each at premium of rs 15 each through the right issue

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

Name of the shareholder	As at 31.03.2013		As at 31.03.2012	
	No of Shares	% Share-holding	No of shares	% Share-holding
BINARAJESH GHATALIA	1,800,720	10.71	1,481,591	10.57
DAMYANTI PRANLAL GHATALIA	1,387,544	8.25	1,162,120	8.29
MIHIR RAJESH GAHTALIA	2,820,888	16.78	2,350,740	16.78
SURAJ TRADELINKS PVT LTD	1,560,000	9.28	1,300,000	9.28
NIMIT IMPEX PRIVATE LIMITED	920,000	5.47	1,300,000	9.28
TOTAL [5% & above]	8,489,152	50.49	7,594,451	54.20

(c) Terms/rights attached to equity shares

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

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

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
(a) Capital reserve		
Opening balance	2,000,000	2,000,000
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	2,000,000	2,000,000
(b) Securities premium account		
Opening balance	135,177,540	135,177,540
Add : Premium on shares issued during the year	-	-
Less: Utilised during the year	-	-
Issuing of fully paid up Bonus Shares	-28,024,480	-
Closing balance	107,153,060	135,177,540
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	50,820,050	47,981,329
Add: Profit / (Loss) for the year	6,582,517	2,838,721
Less: Profit / (Loss) transfer to General Reserve	-	-
Closing balance	57,402,566	50,820,050
Total	166,555,626	187,997,590

NOTE 4 - LONG TERM BORROWINGS

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
(a) Loans and advances from related parties	-	-
(b) Other Loans & Advances Secured		
Kotak Mahindra Prime Limited (Secured against hypothecation of vehicle financed)	171,815	171,815
Less : Current Maturity of Long term borrowing	-171,815	-
Unsecured		
Kotak Mahindra Bank Limited	1,693,289	-
Total	1,693,289	171,815

NOTE 5 - SHORT TERM BORROWINGS

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
(a) Loans and advances from related parties		
Secured	-	-
Unsecured		
From Directors	-	-
From Others	2,633,655	95,000
	2,633,655	95,000
(b) Other loans and advances		
Secured		
State Bank Of Patiala (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 bldg) Kotak Mahindra Prime Limited (Secured against hypothecation of vehicle financed)	42,806,885	43,803,388
Unsecured	238,215	216,682
Kotak Mahindra Bank Limited	1,301,110	-
	44,279,810	44,041,603
Total	46,913,465	44,136,603

NOTE- 6 TRADE PAYABLE

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
Trade payables: Acceptances	-	-
Other than Acceptances	677,272,007	480,751,454
Total	677,272,007	480,751,454

NOTE-7 OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
Statutory Remittances		
(a) Employees Profession Tax Payable	-	11,325
(b) T.D.S. Payable	45,867	367,991
(c) Advance from Customers	1,482,397	6,212,127
(d) Service Tax Payable*	212,753	-
Total	1,741,017	6,591,443

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

NOTE-8 SHORT TERM PROVISIONS

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
Provision - Others:		
(i) Provision for income Tax	6,900,104	6,304,003
(ii) Provision for Expenses	1,936,431	2,287,331
	8,836,535	8,591,334

NOTE-10 NON CURRENT INVESTMENT

Particulars	As at 31.03.2013			As at 31.03.2012		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)	(In ₹)
Long Term Investments						
Investment in :						
Shares of Transmedia Software Ltd	4,000,000	-	4,000,000			
Government Securities 6 years N.S.C.	-	-	-	-	15,940	15,940
Jasmin Estate Developers Pvt. Ltd	-	27,900,000	27,900,000			
Plot At Kankavali	-	400,000	400,000			
	4,000,000	28,300,000	32,300,000	-	15,940	15,940

Aggregate Market Value Of Quoted Investment



Notes 9 : FIXED ASSETS

A.Tangible assets	Gross block					Accumulated depreciation and impairment				Net block	
	Balance as at 31.4.2012	Additions	Disposals	Borrowing cost capitalised	Other adjustments	Balance as at 31.3.2013	Depreciation / amortisation expense for the year	Eliminated disposal of asset	Balance as at 31.3.2013	Balance as at 31.3.2013	Balance as at 31.4.2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land	2,243,546					2,243,546			226,620	2,016,926	2,016,926
Factory Building	22,751,068	2,948,800				25,699,868	794,315		17,900,985	7,798,883	5,644,398
Plant & Machinery	95,970,178	4,042,099				100,012,277	4,738,530		69,853,345	30,158,932	30,855,363
Factory Equipment	523,758					523,758	9,036		467,831	55,927	64,964
Electronic Equipments	233,664					233,664	23,523		127,225	106,440	129,963
Furniture	44,519					44,519	561		41,981	2,538	3,099
Electronic Fitting	59,935					59,935	791		56,365	3,580	4,371
D.G. Set	178,525					178,525	6,541		148,927	29,598	36,139
Computer	390,628	105,851				496,479	48,607		371,970	124,509	67,265
Motor Car	1,120,871					1,120,871	144,786		706,422	414,449	559,234
Laboratory Equipment	139,056	139,056				278,112	6,592		98,254	40,801	47,394
Air Condition	-	34,543				34,543	5,464		5,464	29,079	-
Total	123,655,747	7,131,293	-	-	-	130,787,040	5,778,747	-	90,005,379	40,781,661	39,429,115
Previous year	123,582,202	73,546	-	-	-	123,655,747	5,895,536	-	84,226,632	39,429,115	45,251,106
CAPITAL WORK-IN-PROGRESS											
	Balance as at 1.4.2012	Additions	Transfer during the year	Borrowing cost capitalised	Other adjustments	Balance as at 31.3.2013	Depreciation / amortisation expense for	Eliminated disposal of asset	Balance as at 31.3.2013	Balance as at 31.4.2012	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Capital WIP Building	5,754,376	-	2,450,000	-	-	3,304,376	-	-	-	3,304,376	5,754,376
Capital WIP Machinery	3,026,899	-	3,026,899	-	-	-	-	-	-	-	3,026,899
Total	8,781,275	-	5,476,899	-	-	3,304,376	-	-	-	3,304,376	8,781,275
Previous year	8,781,275	-	-	-	-	8,781,275	-	-	-	8,781,275	16,781,275

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE- 11 OTHER NON CURRENT ASSETS

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
(a) Miscellaneous Expenditure (Related to right issue)	1,254,107	1,567,634
Less: Current Year Written Off	313,527	313,527
Total	940,580	1,254,107

NOTE- 12 INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
(a) Stock-in-trade	74,035,174	80,079,635
(b) Stores & Spares	198,000	198,000
(c) Finished Goods	950,200	950,200
Total	75,183,374	81,227,835

NOTE- 13 TRADE RECEIVABLE

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	4,547,067	5,227,885
Doubtful	-	-
	4,547,067	5,227,885
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	659,510,170	472,765,722
Doubtful	-	-
	659,510,170	472,765,722
Total	664,057,237	477,993,607

NOTE- 14 CASH & CASH EQUIVALENTS

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
(a) Cash on hand	3,221,675	2,901,266
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	1,342,470	7,987,764
(ii) In deposit accounts	530,755	530,755
(d) Others	-	-
Total	5,094,900	11,419,785

**NOTE- 15 SHORT TERM LOANS & ADVANCES**

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
(a) Loans and advances to related parties		
(i) Damyanti P.Ghatalia	-	405,245
(ii) Nimit R. Ghatalia	-	5,290,000
(iii) Bina Ghatalia	704,869	254,269
(iv) Rajesh P. Ghatalia	-	2,820
(v) Mihir Ghatalia	949,758	-
	1,654,627	5,952,334
(b) Loans and advances to others		
(i) Dinesh Matalia	395,000	-
(ii) Anugrah Stock and broking Pvt. Ltd	1,500,000	-
	1,895,000	-
(c) Balances with government authorities		
(i) TDS receivable		
A.Y. 2013-14	40,861	-
Earlier Year	421,123	421,122
(ii) Sales Tax Refundable	2,214,991	2,057,432
(iii) Sales tax- Gujrat	150,000	150,000
(iii) Excise duty refundable	588,297	-
(iv) Sales Tax Paid-----	5,487,628	-
(v) Duty entitlement (Custom duty)	95,572	95,572
	8,998,472	2,724,126
(d) Prepaid expenses - Unsecured, considered good	-	29,812
	-	29,812
(e) Inter-corporate deposits		
Secured, considered good	-	-
Unsecured, considered good	-	70,551,000
	-	70,551,000
(f) Security Deposit		
Deposit BSE for Right issue	2,500,200	2,500,000
Deposit MIDC Tarapur	45,000	45,000
Deposit Tarapur J/I Effluent	100,000	100,000
Deposit Mumbai Waste Managment	100,000	100,000
Deposit With M.S.E.B- Tarapur	282,600	282,600
Deposit Nitrozen CYL R-Parma	15,000	15,000
Deposit Rekha M Panchal	5,500	77,500
Deposit with M.T.N.L.	20,000	20,000
Deposit TMRCT Hospital Boisar	5,000	5,000
Deposit for Water Connection	20,620	20,620
Deposit for TTML	850	-
	3,094,770	3,165,720
(g) Others- (Recoverable in cash or kind)		
Secured, considered good	-	-
Unsecured, considered good	2,000	18,000
Doubtful	-	-
	18,000	6,500
Less: Provision for other doubtful loans and advances	-	-
	2,000	18,000
Total	15,644,869	82,440,992

NOTE- 16 OTHERASSETS

Particulars	As at 31.03.2013 (In ₹)	As at 31.03.2012 (In ₹)
(a) Advance to suppliers for Goods	108,390,727	45,098,133
(b) Advance towards Expenses	125,461,055	120,701,809
Total	233,851,782	165,799,942

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE- 17 INCOME FROM OPERATIONS

(In ₹)

(In ₹)

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a) Sale of Traded Goods	1,723,074,445	1,304,807,312
Total	1,723,074,445	1,304,807,312

NOTE- 18 OTHER INCOME

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a) Interest income		
Interest from Bank on Deposits	-	34,171
Interest from Bank on Other Balance	12,647	9,747
Interest on loans and advances	241,107	350,108
Interest on late payment	446,936	-
(b) Commission received	616,769	288,390
(c) Storage received	563,031	-
(d) M-VAT Receivable	488,921	-
(e) Misc.Income	165,539	187,028
(f) Other non-operating income	-	-
Total	2,046,028	1,358,366

NOTE -19 COST OF GOODS SOLD

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a) Opening Stock	81,227,835	34,829,217
Add: Purchases	1,672,415,203	1,313,690,350
Add: Direct Expenses	10,057,238	8,791,530
	1,763,700,275	1,357,311,097
Less: Closing Stock	75,183,374	81,227,835
Cost of Goods Sold	1,688,516,901	1,276,083,262
Total	1,688,516,901	1,276,083,262

DIRECT EXPENSES

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Factory Expenses	22,900	45,270
Carriage Inwards	3,159,084	425,975
Power & Fuel	-	545,626
Labour Charges	-	403,850
Custom Duty	5,908,335	6,746,396
Storage Expenses	966,919	501,289
Import expenses	-	123,124
Total	10,057,238	8,791,530

NOTE- 20 EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a) Salaries and wages	2,620,834	2,582,275
(b) Staff Welfare Expenses	141,130	27,386
	2,761,965	2,609,661

NOTE- 21 FINANCE COSTS

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a) Bank Interest	6,847,889	6,901,493
(b) Other Interest	633,449	148,714
(c) Bank Charges	150,278	436,851
	7,631,616	7,487,058

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE-22 OTHER EXPENSES

(In ₹)

(In ₹)

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Security Services Charges	372,000	410,095
Conveyance	151,759	68,169
Electricity Charges - BEST	76,200	44,051
Custodial Fees	60,000	43,856
Rent Rate & Taxes	609,776	2,602,010
Brokerage and commision Expenses	3,497,629	2,570,721
Legal & Professional Charges	484,959	581,845
Motar Car Expenses	193,986	131,941
Printing & Stationary Exps.	79,043	47,214
Audit Fees	84,270	84,270
Communication Expenses	133,106	192,914
Repairs & Maintenance	52,149	63,993
Travelling Exps.	12,251	80,616
Insurance Exps.	49,831	72,583
Donation Expenses	15,000	-
RTA Expenses	83,474	86,034
Bonus Issue Expenses	209,361	-
Sales Promotion Expenses	196,241	154,641
Advertisement Expenses	50,989	60,103
Carriage Outward Expenses	3,726,109	1,273,066
Entertainment Expenses	27,149	24,073
Miscellaneous Expenses	893,819	80,450
MIDC Expenses	-	938,792
Office expenses	33,410	53,971
Right Issue expenses Written Off	313,527	313,527
Total	11,406,038	9,978,934

Note 22 Other expenses (contd.)

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	56,180	56,180
For taxation matters	28,090	28,090
For company law matters	-	
For management services		
For other services		
Reimbursement of expenses		
Total	84,270	84,270

NOTES TO ACCOUNTS:

23. Balances of Debtors, Loans and Advances, Secured Loans, Sundry Creditors & Others are subject to confirmation and reconciliation and consequential adjustments, if any.
24. In the opinion of the Board & to the best of their knowledge & belief the value of realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet & the provisions for all the loans & determined liabilities is adequate and not in excess of the amount.
25. Provision for retirement benefits to employees was provided on accrual basis, which is in conformity with Accounting Standard-15 issued by ICAI and the amount has not been quantified because actuarial valuation report is not available. However, in the opinion of the management the amount involved is negligible and has no material impact on the Statement of Profit & Loss.
26. According to a technical assessment carried out by the Company, there is no impairment in the carrying cost of cash generating units of the Company in terms of accounting standards-28 issued by the Institute of Chartered Accountants of India.
27. The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid/payable as required under the said Act have not been made.

28. Earnings Per Share (AS-20) :

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

	2011-2013 (In ₹)	2010-2012 (In ₹)
Profit Attributable to Equity Share Holders (After Tax)	6,582,517	2,838,721
Weighted Average Number of Equity Share (Nos.)	16,814,684	14,012,236
Basic/ Diluted Earnings Per Share	0.39	0.20
Face Value per Equity Share	10.00	10.00

29. Deferred Tax Assets/(Liability) :

The Company has not provided Deferred Tax Liabilities for the year, amounting to Rs. 8,059,681/- , resulting in overstatement of Reserve and Surplus by the said amount, which is not in conformity with Accounting Standard 22 on "Accounting on Taxes on Income " issued by the Institute of Chartered Accountant of India.

30. The Company has not provided depreciation in the financial year 2001 to 2004 and has provided excess depreciation later on resulting in the Reserved & Surplus being overstated by Rs.307,235.

31. Related Party Transaction :

Related Parties and Nature of Relationship:

Related Party	Nature of Relationship
Mihir R. Ghatalia	Managing Director
Jagdish K. Shah	Chairman
Chetan K. Mehta	Director
Lalit R. Tulsiani	Whole - Time Director
Satish M. Sheth	Director
Damyanti P. Ghatalia	Relative of Managing Director
Bina R. Ghatalia	Relative of Managing Director
Mira M. Ghatalia	Relative of Managing Director
Rajesh P. Ghatalia	Relative of Managing Director
Nimit Impex Pvt. Ltd.	Concern in which relatives of MD are substantially interested.
Suraj Tradelinks Pvt. Ltd.	Concern in which relatives of MD are substantially interested

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

Related Party Transaction

Particulars	Companies in which Directors are substantially interested	Key Management Personnel	Relative of Key Management Personnel
Remuneration and Parquisites	-	1,285,593	-
Rent Paid	-	-	588,000
<u>Loan Transactions</u>			
Gross Loans Taken	-	-	6,323,955
Gross Loans Repaid	-	-	3,775,300
Credit Balance as on 31.03.2013	85,000	-	2,548,655
Gross Loans Given	-	2,049,758	50,569,980
Gross Amount Receive	-	1,100,000	50,122,200
Debit Balance as on 31.03.2013	-	949,758	704,869

32. Segment Information (AS-17)

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

AS PER OUR REPORT OF EVENT DATE
FOR AND ON BEHALF OF THE BOARD
FOR DMKH & CO.,
Chartered Accountants
 Firm Registration No.: 116886W

For AAREY DRUGS & PHARMACEUTICALS LTD
CA. DURGESH KABRA
PARTNER
 M No. 044075
 Place : MUMBAI
 Date : 29th May, 2013

JAGDISH K SHAH
CHAIRMAN
MIHIR R. GHATALIA
MANAGING DIRECTOR
CHETAN K. MEHTA
DIRECTOR

 Place : THANE
 Date : 30th May, 2013

Cash Flow Statement for the year ended 31 March, 2013

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	(In ₹)	(In ₹)	(In ₹)	(In ₹)
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax	9,025,206		4,111,228	
<i>Adjustments for:</i>				
Misc. Expenditure written off	313,527			
Depreciation and amortization	5,778,747		5,895,536	
Finance costs	<u>7,631,616</u>	<u>22,749,096</u>	<u>7,487,058</u>	<u>17,493,822</u>
Operating profit / (loss) before working capital changes		22,749,096		17,493,822
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	6,044,461		-46,398,618	
Trade receivables	-186,063,630		-284,385,507	
Short-term loans and advances	66,796,123		-78,673,216	
Other current assets	-68,051,840		-29,420,565	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Short-term borrowings	2,776,862		11,604,275	
Trade payables	196,520,552		327,212,353	
Other current liabilities	-4,850,426		-3,801,419	
Short-term provisions	<u>-2,197,488</u>	<u>10,974,614</u>	<u>-3,393,080</u>	<u>-107,255,776</u>
Cash flow from extraordinary items		<u>33,723,710</u>		<u>-89,761,954</u>
Cash generated from operations		<u>33,723,710</u>		<u>-89,761,954</u>
Net income tax (paid) / refunds	-	-	-	-
Net cash flow from / (used in) operating activities (A)		<u>33,723,710</u>		<u>-89,761,954</u>
B. Cash flow from investing activities				
Fixed Assets Purchase	-1,654,394		-73,546	
Cash received from Government securities	15,940		-	
Shares of Transmedia Software Ltd	-4,000,000		-	
Investment in Property	-400,000		-	
Investment in Companies	<u>-27,900,000</u>	<u>-33,938,454</u>	-	<u>-73,546</u>
Cash flow from extraordinary items	-	-	-	-
		<u>-33,938,454</u>		<u>-73,546</u>
Net cash flow from / (used in) investing activities (B)		<u>-33,938,454</u>		<u>-73,546</u>
C. Cash flow from financing activities				
Proceeds from long-term borrowings	1,521,474		-238,215	
Share application money received / (refunded)	-		106,230,800	
Finance cost	<u>-7,631,616</u>	<u>-6,110,142</u>	<u>-7,487,058</u>	<u>97,463,166</u>
Cash flow from extraordinary items		-		-
Net cash flow from / (used in) financing activities (C)		<u>-6,110,142</u>		<u>97,463,166</u>
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		<u>-6,324,886</u>		<u>7,627,666</u>
Cash and cash equivalents at the beginning of the year		11,419,785		3,792,119
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		<u>5,094,899</u>		<u>11,419,785</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet	5,094,900		11,419,785	
Less: Bank balances not considered as Cash and cash equivalents	-		-	
Net Cash and cash equivalents	<u>5,094,900</u>		<u>11,419,785</u>	
Add: Current investments considered as part of Cash and cash equivalents	-		-	
Cash and cash equivalents at the end of the year *		<u>5,094,900</u>		<u>11,419,785</u>
* Comprises:				
(a) Cash on hand		3,221,675		2,901,266
(c) Balances with banks				
(i) In current accounts		1,342,470		7,987,764
(ii) In earmarked accounts		530,755		530,755
		<u>5,094,900</u>		<u>11,419,785</u>
		<u>11,419,785</u>		<u>3,792,119</u>

FOR DMKH & CO.,
Chartered Accountants

Firm Registration No.: 116886W

CA. DURGESH KABRA
PARTNER

M No. 044075

Place : MUMBAI

 Date : 29th May, 2013

For AAREY DRUGS & PHARMACEUTICALS LTD
MIHIR R. GHATALIA
MANAGING DIRECTOR
GHETAN K. MEHTA
DIRECTOR

Place : THANE

 Date : 30th May, 2013

 **Aarey DRUGS & PHARMACEUTICALS LTD.**

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

ATTENDANCE SLIP

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

I hereby record my presence at the Twenty Third Annual General Meeting of the Company at E-34, MIDC, Tarapur, Boisar, Dist. Thane. On September 20, 2013 At 09.30 A.M.

Folio No _____

DP ID No.*

Client ID No.*

Full Name of the Shareholder _____ Signature _____

(in block letters)

Full Name of the Proxy _____ Signature _____

* Applicable for Investors holding shares in Electronic Forms.

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

 **Aarey DRUGS & PHARMACEUTICALS LTD.**

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

PROXY FORM

DP ID No.*

Client ID No.*

I _____
of _____ in the district of _____
Member(s) of the above named Company hereby appoint _____ of
_____ in the district of _____ or failing
him _____ of _____ in the district
of _____ as my / our Proxy to attend and vote for me/us and my/our behalf
at the Twenty Third Annual General Meeting of the Company to be held on September 20, 2013
at 09.30 A.M. at E-34 , MIDC , Tarapur , Boisar , Dist. Thane on and at any adjournment thereof.

Signed this _____ day of _____ 2013.

Reference Folio No. _____

No. of Shares held _____

Affix
Re 1/-
Revenue
Stamp

*Applicable for Investors holding shares in Electronic Forms.

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

BOOK - POST

To,

If undelivered please, return to :

Aarféy DRUGS & PHARMACEUTICALS LTD.

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