



Aarey

DRUGS & PHARMACEUTICALS LTD.

**27th Annual Report
2016 - 2017**

BOARD OF DIRECTORS

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

Managing Director
 Chairman
 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.

CONTENTS	
Particulars	Page No.
Board of Directors	3
Notice	4
Director's Report	10
Extracts of Annual Report	14
Secretarial Audit Report	20
Conservation of Energy & Etc.	22
Management Discussion and Analysis	24
Corporate Governance	25
Auditor's Report	33
Balance Sheet	38
Profit & Loss Account	39
Notes Forming Part of Account	40
Notes of Account	50
Cash Flow Statement	52

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON FRIDAY 29TH SEPTEMBER, 2017 AT E-34, MIDC, TARAPUR, BOISAR, DIST. THANE AT 10.00 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, 2017, 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, 2017, 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. Damiyanti P Ghatalia, who retires by rotation and, being eligible, offers herself for reappointment.

“RESOLVED THAT Mrs. Damiyanti 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 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 be and hereby authorized to fix their remuneration.”

4. **Sub-Division of Equity Shares of the Company from the Face Value of Rs. 10/- per Equity Share to Re. 1/- per Equity Share**

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

“RESOLVED THAT pursuant to the provisions of Sections 61(1)(d), 64 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the provisions of the Memorandum and Articles of Association of the Company and subject to such approvals, consents,

permissions and sanctions as may be necessary from the concerned authorities or bodies, each of the Equity Shares of the Company having a face value of Rs. 10/- (Rupees Ten only) each be sub-divided into 10 (Ten) Equity Shares having a face value of Re. 1/- (Rupee One only) each.

RESOLVED FURTHER THAT upon the sub-division of the Equity Shares as aforesaid, the existing Share Certificate(s) in relation to the existing Equity Shares of the face value of Rs. 10/- (Rupees Ten only) each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date and the Company may without requiring the surrender of the existing Share Certificate(s) directly issue and despatch the new Share Certificate(s) of the Company, in lieu of such existing issued Share Certificate(s) and in the case of the Equity Shares held in dematerialized form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the Shareholders with the Depository Participants, in lieu of the existing credits representing the Equity Shares of the Company before sub-division.

RESOLVED FURTHER THAT the Board be and is hereby authorized to fix the Record Date for the purpose of the Sub-division and to do all such acts, deeds, matters and to take steps as may be necessary including the delegation of all or any of the powers herein conferred, to any Director(s), Company Secretary or any other officer(s) of the Company, for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all such deeds, applications, documents, undertakings and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution”.

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

Mihir R. Ghatalia
Managing Director

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

Date : 14th August, 2017

Place : Mumbai

NOTES:

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

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

2. The register of members and the share transfer books of the company will remain closed from 23rd September'2017 to 29th September'2017 (both days inclusive) in connection with the Annual General Meeting.
3. Members are requested to send all transfer deeds, share certificates and other correspondence relating to registration of transfers, transmission endorsement of payment of allotment moneys, change in their address etc to the Registrar & Share Transfer Agents i.e

LINK INTIME INDIA PRIVATE LIMITED

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

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

1.	Name Of Director	Mrs. Damiyanti P. Ghatalia
2.	Age	88 yrs
3.	Date of Appointment	14.02.2015
4.	Qualification	B.Com
5.	Directorship held in other Limited Companies (Excluding Foreign Companies)	One
6.	Committee position held in other companies	NIL
7.	Number of Shares held	1292337

5. The Annual Report and Notice for the 27th AGM along with Attendance slip and Proxy form, is being send by electronic mode to all the shareholders whose email address are registered with the Company/ Depository Participant unless a member has requested for a hard copy of the same. For members who have not registered their email address, physicals copies have been send through permitted mode. Members are requested to bring their copy of the Annual Report at the meeting.

6. **Voting through electronic means:**

Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules the company is pleased to offer evoting facility to its members to cast their vote electronically for the 27th Annual General Meeting of the Company on 29th September, 2017. The Company has engaged the services of Central Depository Services (India) Ltd. ("CDSL") for providing e-voting facilities to the Members enabling them to cast their vote in a secure manner.

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

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

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

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. Members who have not updated their DOB with the Company/ Depository Participant are requested to use 29.09.2017 in the DOB field.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field .

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

- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xv) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xvi) **In case of members receiving the physical copy:** Please follow all steps from sl. no. (i) to sl. no. (xv) above to cast vote.
- (xvii) The e-voting period shall commence on September 26, 2017 (9:00 a.m. onwards) and ends on September 28, 2017 (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 22nd September, 2017, 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 within two days of passing of the resolutions of the AGM and communicated to BSE Limited.
- ((xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

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

Mihir R.Ghatalia
Managing Director

REGISTERED OFFICE :

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

Date : 14th August, 2017

Place : Mumbai

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item No. 4.**

The Equity Shares of your Company are listed and actively traded on BSE Limited. The market price of the Equity Shares of your Company has witnessed a significant rise over a period of time. High price of the Equity Shares of the Company keeps the small retail investors away from trading in your Company's Equity Shares leading to reduction in the liquidity of the shares of your Company in the Stock Market.

In order to improve the liquidity of your Company's Equity Shares in the Stock Market with higher floating stock in absolute numbers and to encourage the participation of small investors by making the Equity Shares of the Company affordable, the Board of Directors of the Company, at its Meeting held on 14th August, 2017, considered and approved the sub-division of one Equity Share of the Company having a face value of Rs. 10 each into ten Equity Shares of face value of Re.1 each subject to approval of the Members and any other statutory and regulatory approvals, as applicable. The Record Date for the aforesaid sub-division of the Equity Shares will be fixed after approval of the Members is obtained.

The Board of Directors is of the opinion that the aforesaid sub-division of the face value of the Equity Shares is in the best interest of the Company and the investors.

None of the Directors and/or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of their respective Shareholding in the Company to the same extent as that of every other Shareholder of the Company.

The Board recommends passing of the resolution as set out under Item No. 4 for approval of the members as an ordinary resolution.

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

Mihir R. Ghatalia
Managing Director

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

Date : 14th August, 2017
Place : Mumbai

DIRECTORS REPORT

To,
The Shareholders,
Your Directors have pleasure in presenting the Twenty Seventh Annual Report together with Audited Accounts for the year-ended 31st March, 2017.

FINANCIAL RESULTS:

	(In ₹)	(In ₹)
Particular	31st March 2017	31st March 2016
Income	3993041199.00	2491656459.00
Expenditure	3913257382.00	2473526508.00
(Loss) / Profit Before Exceptional Item & Tax	79783817.00	18129951.00
Profit Before Tax	79783817.00	18129951.00
(Less)/ Add: Tax Expenses	(20965976.00)	(523604.00)
Balance Carried To Balance Sheet	58817842.00	12893548.00

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 products i.e. Theobromine & Theophylline by March,2018 Necessary steps has already taken by the management.

DIVIDEND

Your directors do not recommend any dividend for the year ended 31st March, 2017.

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, 2017, 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, 2017 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, 2017 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, Practicing Company Secretaries as the Secretarial Auditors of the Company for the financial year 2016-17.

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 2017-18.

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.

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

Jagdish K. Shah
CHAIRMAN

Place: Mumbai

Date : 30th May, 2017

ANNEXURE TO DIRECTOR'S REPORT
ANNEXURE - "A"
**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2017**

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

I. REGISTRATION & OTHER DETAILS:		
1	CIN	L99999MH1990PLC056538
2	Registration Date	15/05/1990
3	Name of the Company	AAREY DRUGS & PHAMACEUTICALS LIMITED
4	Category/Sub-category of the Company	Company limited by shares
5	Address of the Registered office & contact details	E-34, MIDC, Tarapur,Boisar, Dist. Palghar - 401506 Ph: 022-23455543
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt Ltd C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078. Ph. : 022 - 2594 6970

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Trading in petro chemicals and drugs intermediates	46102	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 - 2016				Shareholding at the end of the year - 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	

A. Promoter and Promoter Group

[1] Indian									
(a) Individuals / HUF	6537552	0	6537552	'38.8800	6537552	0	6537552	'36.1497	'-2.7303
(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	'18.5552	3120000	0	3120000	'17.2522	'-1.3030
Sub Total (A)(1)	9657552	0	9657552	'57.4352	9657552	0	9657552	'57.4352	'0.0000
[2] Foreign									
(a) Individuals (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)									
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	'57.4352	9657552	0	9657552	'57.4352	'0.0000

B. Public Shareholding
1. Institutions

(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	0	0	0	'0.0000	'0.0000
(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)									
Sub Total (B)(1)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000

Category of Shareholders	Shareholding at the beginning of the year - 2016				Shareholding at the end of the year - 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[2] Central Govt/ State Govt(s)									
Sub Total (B)(2)	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.	2188158	558759	2746917	*16.3364	2085109	553199	2638308	*14.5886	'-1.7478
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2066195	87460	2153655	*12.8082	3411911	87460	3499371	*19.3499	'6.5417
(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	353640	0	353640	2.1032	465501	0	465501	2.5740	0.4708
NRI (Non Repat)	120599	0	120599	0.7172	14397	0	14397	0.0796	-0.6376
NRI(Repat)	30926	0	30926	0.1839	37261	0	37261	0.2060	0.0221
Clearing Member	811041	0	811041	4.8234	720335	0	720335	3.9831	-0.8403
Bodies Corporate	918874	21480	940354	5.5925	1030479	21480	1051959	5.8169	0.2244
Sub Total (B)(3)	6489433	667699	7157132	*42.5648	7764993	662139	8427132	50.1177	7.5529
Total Public Shareholding(B) = (B)(1)+(B)(2)+(B)(3)	6489433	667699	7157132	42.5648	7764993	662139	8427132	50.1177	7.5529
Total (A)+(B)	16146985	667699	16814684	100.0000	17422545	662139	18084684	100.0000	0.0000
(C) Non Promoter - Non Public									
[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)	16146985	667699	16814684	100.0000	17422545	662139	18084684	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	'16.7763	'0.0000	2820888	'15.5982	'0.0000	-1.1781
2	BINA RAJESH GHATALIA	1804736	'10.7331	'0.0000	1804736	'9.9794	'0.0000	-0.7537
3	NIMIT IMPEX PVT. LIMITED	1560000	'9.2776	'0.0000	1560000	'8.6261	'0.0000	-0.6515
4	SURAJ TRADELINKS PVT. LTD	1560000	'9.2776	'0.0000	1560000	'8.6261	'0.0000	-0.6515
5	DAMAYANTI P. GHATALIA	1292337	'7.6858	'0.0000	1292337	'7.1460	0.0000	'-0.5398

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

S N	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	9,657,552	53.42%		0.00%
	Changes during the year		0.00%		0.00%
	At the end of the year	9,657,552	53.42%		0.00%

(iv) Shareholding Pattern of top ten Shareholders
(Other than Directors, Promoters and Holders of GDRs and ADRs):

S N	For each of the Top 10 shareholders	Shareholding at the beginning of the year		change in Shareholding during of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares	No. of shares	% of total shares	No. of shares	% of total shares
1	Urmila R Mehta	8956	0.05%	430,940	0.00%	430,940	2.38%
2	Arcadia Share & Stock Brokers Pvt Ltd	370447	2.05%	6,250	0.00%	376,697	2.08%
3	MARWADI SHARES AND FINANCE LTD.103260		0.57%	97,989	0.00%	201,249	1.11%
4	B N MITTAL	180000	0.99%	3,316	0.00%	183,316	1.01%
5	MANOJ VIJAYRAJ PARMAR	168000	0.93%	-	0.00%	168,000	0.93%
6	BP EQUITIES PVT LTD	5120	0.03%	159,000	0.00%	164,120	0.91%
7	CNI RESEARCH LIMITED	160000	0.88%	-	0.00%	160,000	0.88%
8	MANDIRARAI	0	0.00%	150,000	0.00%	150,000	0.83%
9	NIRMAL BANG FINANCIAL SERVICES PRIVATE LIMITED	0	0.00%	140,000	0.00%	140,000	0.77%
10	PRIYANKA MODI	137213	0.82%	(22,213)	0.00%	115,000	0.63%

(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	Jagdish K shah						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%
3	Chetan K Mehta						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%
4	Satish M Sheth						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%
5	Lait R Tulsiani						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%
6	Damiyanti P Ghatalia						
	At the beginning of the year			1,292,337	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%
7	Sweta Podar (Company Secretary)]						
	At the beginning of the year			NIL	0.00%	NIL	0.00%
	Changes during the year			NIL	0.00%	NIL	0.00%
	At the end of the year			NIL	0.00%	NIL	0.00%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.				(Amt. Rs./Lacs)
Particulars	Secured Loans excluding deposits	Unsecured Loans Others	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	141,815,991.00	3,538,184.00	NIL	145,354,175.00
ii) Interest due but not paid	NIL	NIL	NIL	-
iii) Interest accrued but not due	NIL	NIL	NIL	-
Total (i+ii+iii)	141,815,991.00	3,538,184.00	-	145,354,175.00
Change in Indebtedness during the financial year				
* Addition	NIL	NIL	NIL	-
* Reduction	37,892,823.00	3,538,184.00	NIL	41,431,007.00
Net Change		3,538,184.00		41,431,007.00
Indebtedness at the end of the financial year				
i) Principal Amount	103,923,168.00	NIL	NIL	103,923,168.00
ii) Interest due but not paid	NIL	NIL	NIL	-
iii) Interest accrued but not due	NIL	NIL	NIL	-
Total (i+ii+iii)	103,923,168.00	NIL	-	103,923,168.00

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

B. Remuneration to other Directors

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

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

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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 **Aarey Drugs & Pharmaceuticals Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 prima facie complied with the statutory provisions listed hereunder:

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by Aarey Drugs & Pharmaceuticals Limited ("the Company") for the financial year ended on March 31, 2017 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 there under 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, 2017:-
 - (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 manufacturing activities started during the financial year & Company has prima facie compiled others laws were specifically applicable to the business of the Company.

(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. subject to observation and qualification made by statutory auditors in their report.

I further report that Company has not filed form CHG 1 against car loan taken from bank.

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

I further report that;

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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.
- v. 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 **subject to observation and qualification made by statutory auditors in their report.**
- vi. 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.

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

I further report that:

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.

SEJAL SHAH
ACS No. - 29609
COP No. - 10652

Place : Mumbai
Date : 14.08.2017

ANNEXURE TO DIRECTOR'S REPORT
ANNEXURE - "C"

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

A. CONSERVATION OF ENERGY :
a) Energy conservation measures taken :

- i) The company has been strictly observing and monitoring the power consumption.
- ii) The grinding operation with keeping the automatic regular of feeds has been maintained to minimize power consumption.
- iii) Dual Fuel Burner was installed.

b) Impact of above measures:

High power factor above 0.9 and optimization of the grind ability has been maintained.

B. POWER AND FUEL CONSUMPTION :

Particulars	2016-2017	2015-2016
(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	760627.00	465500.00
Units per ltr. Of fuel oil / gas	6.65	6.65
Cost / Unit	4.47	5.80
(iii) Coal		
Quantity (tones)	---	---
Total Cost		
Average rate		
(iv) Furnance Oil / Diesel		
Quantity (m.t.)	114.38	40.00
Total Amount (Rs.)	3400524.00	1824000.00
Average rate (Rs.)	29.75	45.60
(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 :	2016-2017	2015-2016
	(Rs.)	(Rs.)
a) Capital	---	---
b) Recurring	---	---
Total		
c) Total R&D Expenditure as a Percentage of total turnover		
D. TECHNOLOGY, ABSORPTION, ADAPTION AND INNOVATION :	2016-2017	2015-2016
	(Rs.)	(Rs.)
a) Efforts, in brief, made towards technology Absorption, adaption and innovation		
b) Benefits derived as a result of the above	---	----
	2016-2017	2015-2016
	(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:	2016-2017	2015-2016
	(Rs.)	(Rs.)
Activities relating to exports ; initiative taken To increase exports ;development of new Exports markets for products and services; and export plans;	---	---
Total Foreign Exchange used		
Total Foreign Exchange earned (F.O.B.)		

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

Place: Mumbai
Date : 30th May, 2017

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.39596.70 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. Company has commenced manufacturing from June'2016 and started production of Mono Methyl Urea & Di Methyl Urea. Further company has delayed production of Theobromine & Theophylline, instead company will commence production of erythromycin derivatives & mafenamic acid in first quarter of 2017.

Expenditure increased from Rs. 24735.27 lacs. to Rs. 39132.57 Lacs

The paid-up equity share capital stood at Rs. 1808.47 lacs. The Earnings per Share were Rs.3.25. 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 20,00,000 Warrants Convertible into equal number of Equity Shares and 7,65,000 Equity shares on preferential basis vide its Extra Ordinary General meeting held on 8th June, 2016, and
- ii. The company has allotted 5,05,000 Equity shares on preferential basis vide its Extra Ordinary General meeting held on 20th February, 2017.

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.9.12 lacs.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCES / DEVELOPMENT

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

OUTLOOK

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

CORPORATE GOVERNANCE

PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

CORPORATE GOVERNANCE

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

The report on Corporate Governance is divided in to five parts

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

I BOARD OF DIRECTORS

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

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

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

B. REVIEW OF THE BOARD

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

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

C. BOARD MEETINGS

The meetings of the Board of Directors are scheduled well in advance and the folder containing agenda for the meeting with detailed review of all aspects of the Company business, including Performance of the Company, Employee relations, details of Investments, Capital Expenditure, etc. is circulated to all the Directors before 7 days of the date of Board Meeting. It also highlights important matters discussed at the Audit Committee, Share Transfer Committee & Investor Grievance Committee of the Board. Four Board Meetings were held during the year on 04/05/2016, 12/05/2016, 30/05/2016, 18/07/2016, 05/08/2016, 30/08/2016, 14/10/2016, 19/12/2016, 18/01/2017, 10/03/2017 and 20/03/2017.

Name of Directors	No. of Board Meeting Held	No. of Board Meeting attended	Attendance at last AGM
Mr. Mihir R. Ghatalia	11	11	Yes
Mr. Jagdish K. Shah	11	11	Yes
Mr. Chetan K.Mehta	11	11	Yes
Mr. Satish M. Sheth	11	10	Yes
Smt. Damiyanti P Ghatalia	11	11	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	9
Mr. Chetan K. Mehta	Non Executive Independent	Chairman	9
Mr. Satish M. Sheth	Non Executive Independent	Member	9

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 02/05/2016, 27/05/2016, 16/07/2016, 03/08/2016, 27/08/2016, 11/10/2016, 16/12/2016, 16/01/2017 & 08/03/2017.

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 07/07/2016 & 25/03/2017. 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

RRemuneration to Managing Director:

Name of Directors	Designation	Salary	Perquisite	Total (Rs.)	Service Contract
Mr. Mihir R. Ghatalia	Managing	300000.00	NIL	300000.00	Re-appointed as Managing Director by the Board on 30 th 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: 022-2345 5543

c. Number of Shareholder Complaints received during the year 2016-17: **17**

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
2016-17	EGM	20/02/17	10.00A.M	E-34, MIDC, Tarapur, Boisar, Palghar - 401506	YES
2016-17	AGM	30/09/16	9.15A.M	E-34, MIDC, Tarapur, Boisar, Palghar - 401506	YES
2016-17	EGM	08/06/16	9.30A.M	E-34, MIDC, Tarapur, Boisar, Palghar - 401506	YES
2015-16	AGM	25/09/15	9.30A.M	E-34, MIDC, Tarapur, Boisar, Palghar - 401506	YES
2014-15	AGM	20/09/14	11.30 A.M	E-34, MIDC, Tarapur, Boisar, Palghar - 401506	NO
2013-14	AGM	20/09/13	9.30 A.M	E-34, MIDC, Tarapur, Boisar, Palghar - 401506	YES

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

III DISCLOSURE

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

IV MEANS OF COMMUNICATION

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

V SHAREHOLDERS INFORMATION

1. ANNUAL GENERAL MEETING

- Date & Time : 29th September, 2017 at 10.00 a.m
- Venue : E-34, MIDC, Tarapur, Boisar
Palghar - 401 506.

2. **Book Closure Date** : 23 September, 2017 to
29 September, 2017 (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 2016	36.35	26.50
May -2016	54.45	34.50
June 2016	57.00	37.00
July-2016	52.80	39.60
August-2016	52.50	39.10
September-2016	44.75	37.90
October-2016	52.50	40.00
November-2016	55.00	40.30
December-2016	50.00	42.20
January-2017	71.90	47.25
February-2017	95.10	70.50
March-2017	101.95	84.5

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 31.03.2017

No. of Equity Shares Held Nos.	Shareholders		Share Amount (Rs)	
	Nos.	%	Rs.	%
1-500	5741	81.1449	8944120.00	5.0878
501-1000	652	9.2155	5025280.00	2.8586
1001-2000	300	4.2403	4467230.00	2.5411
2001-3000	108	1.5265	2765140.00	1.5729
3001-4000	53	0.7491	1901010.00	1.0814
4001-5000	47	0.6643	2232390.00	1.2699
5001-10000	60	0.8481	4438440.00	2.5248
10001 & above	114	1.6113	146023230.00	83.0636
Total	7083	100.00	180846840.00	100.00

8. CATEGORY OF SHAREHOLDINGS AS ON 31.03.2017

Sr. No.	CATEGORY	DEMATED		PHYSICAL		TOTAL
		Shares	Holders	Shares	Holders	
1	Corporate Bodies (Promoter Co)	3120000	2	0	0	3120000
2	Clearing Members	720335	92	0	0	720335
3	Other Bodies Corporate	1030479	83	21480	18	1051959
4	Hindu Undivided Family	465501	111	0	0	465501
5	Non Resident Indians	37261	45	0	0	37261
6	Non Resident (Non Repatriable)	14397	17	0	0	14397
7	Public	5497020	4545	640659	2165	6137679
8	Promoters	6537552	5	0	0	6537552
	Total	17422545	4902	662139	2183	18084684

9. FINANCIAL RELEASE DATES FOR THE YEAR 2017-18

QUARTER RELEASE DATE	TENTATIVE AND SUBJECT TO CHANGE
1 st Quarter ending 30 th June	End of July, 2017
2 nd Quarter ending 30 th September	End of October, 2017
3 rd Quarter ending 31 st December	End of January, 2018
4 th Quarter ending 31 st March	End on April, 2018

10. DEMAT POSITION AS ON 31.03.17

Total No. of Fully paid up shares	Shares in demat form	Percentage (%)	Shares in physical form	Percentage (%)
18084684	17422545	96.33%	662139	3.27%

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

The Company has allotted 20,00,000 Convertible Warrants (hereinafter referred to as "Warrant(s)") on preferential basis to the Promoters, with each Warrant convertible into one equity share of the Company of nominal value of Rs. 10/- each at a price of Rs. 36/- which includes a premium of Rs. 26/- each vide its Extra Ordinary General Meeting held on 8th June, 2016.

Auditors' Certificate on Compliance of the conditions of Clause 49 of the Listing Agreement (Corporate Governance) for the year ended 31st March, 2017

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 31.03.2017, as stipulated in Clause 49 of the listing agreement of the said company with stock exchanges.

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

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

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

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

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

CA. Manish Kankani
Partner
M. No. 158020

Place: Mumbai

Date: 14th August, 2017

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

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

Dear Sir,

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

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

Thanking You,
Yours Faithfully,

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

Date: 30th May, 2017

Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

1 We have audited the accompanying financial statements of **AAREY DRUGS & PHARMACEUTICALS LIMITED** ("the company"), which comprises Balance Sheet as at 31st Mar 2017, the Statement of Profit and Loss account 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

2 The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial Statements that give a true and fair view and are free from materials misstatement, whether due to fraud or error.

Auditor's Responsibility

3 Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provision 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.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedure selected depends 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 assessment, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system and the operating effectiveness of such control. 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 financial statements.

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

Opinion

4 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2017, and its Profit and its cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

5 As required by the Companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government in terms of Section 143 (11) of the Act, we enclosed in the **Annexure 'A'** statement on matters specified in paragraph 3 & 4 of the said order.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books.
- c) The Balance Sheet and the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) In our opinion there are no observations or comments on the financial transactions, which may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on 31st Mar 2017 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st Mar 2017 from being appointed as a director in terms of section 164(2) of the Act.
- g) Report on the Internal Financial Controls under Clause (1) of Sub-section 3 of section 143 of the companies Act, 2013 ("the Act") - is enclosed an **Annexure 'B'** to this report.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i As informed to us the Company does not have any pending litigations which would impact its financial position
 - ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
 - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv The company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in specified bank notes as defined in the notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. (Refer Note No.33 of Notes To Accounts)
 - v Based on audit procedures and representations provided to us by the management, we report that the disclosures are in accordance with the books of accounts maintained by the company and as produced to us by the Management

For DMKH & Co.
Chartered Accountants
FRN. No. 116886W
CA. MANISH KANKANI
M.No 158020

Place: Mumbai
Date: 30th May, 2017

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 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) The title deeds of immovable properties are held in the name of the company.
- ii. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- 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 any 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 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, company has complied with the provision of section 185 and 186 of the Companies Act, 2013 In respect of loans, investment, guarantees, and security.
- v. The company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provision of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regards to the deposits accepted from the public are not applicable.
- vi. As per information & explanation given by the management, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- 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 generally regular in depositing undisputed statutory dues including Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2017 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there is no amount payable in respect of income tax, service tax, sales tax, customs duty, excise duty, value added tax and cess whichever applicable, which have not been deposited on account of any disputes other than following :-

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount related	Forum where dispute pending
Income Tax Act, 1961	Income Tax	Rs.67,41,220/-	A.Y. 2007-08	CIT(A) Mumbai
Income Tax Act, 1961	Income Tax	Rs. 30,77,524/-	A.Y. 2008-09	CIT(A) Mumbai
Income Tax Act, 1961	Income Tax	Rs. 2,89,455/-	A.Y. 2009-10	CIT(A) Mumbai
Income Tax Act, 1961	Income Tax	Rs. 25,55,440/-	A.Y. 2011-12	CIT(A) Mumbai
Income Tax Act, 1961	Income Tax	Rs. 9,38,010/-	A.Y. 2012-13	CIT(A) Mumbai
Income Tax Act, 1961	Income Tax	Rs. 27,63,880/-	A.Y. 2013-14	CIT(A) Mumbai
Income Tax Act, 1961	Income Tax	Rs. 4,54,240/-	A.Y. 2014-15	CIT(A) Mumbai

- viii. In our opinion and according to the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- ix. Based on our audit procedures and according to the information given by the management, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) or taken any term loan during the year.
- x. According to the information and explanations given to us, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- 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. The company is not a Nidhi Company. Therefore clause xii) of the order is not applicable to the company.
- 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 and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the company has made preferential allotment during the year under review.
- xv. Based upon the audit procedures performed and 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 and hence not commented upon.
- xvi. In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. And accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

CA. MANISH KANKANI
M.No. 158020

Place: Mumbai
Date: 30th May, 2017

Annexure 'B'

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 LIMITED ("the Company") as of March 31, 2017 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. 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, 2017, 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
M.No. 158020

Place: Mumbai
Date : 30th May, 2017

BALANCE SHEET AS AT 31st MARCH, 2017

PARTICULARS	Note No.	As at 31.03.2017	As at 31.03. 2016
		(In ₹)	(In ₹)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	180,846,840	168,146,840
(b) Reserves and surplus	3	316,085,022	198,826,608
(c) Share warrant		6,666,670	
		503,598,532	366,973,448
2 Non-current liabilities			
(a) Long-term borrowings	4	725,464	875,368
(b) Deferred tax liabilities		-	-
(c) Other long-term liabilities		-	-
(d) Long-term provisions		-	-
		725,464	875,368
3 Current liabilities			
(a) Short-term borrowings	5	103,197,704	144,478,807
(b) Trade payables	6	745,472,869	719,451,262
(c) Other current liabilities	7	46,423,053	6,332,556
(d) Short-term provisions	8	33,246,720	11,862,959
		928,340,346	882,125,583
TOTAL		1,432,664,342	1,249,974,400
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	121,454,851	78,505,885
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(v) Fixed assets held for sale		-	-
		121,454,851	78,505,885
(b) Non-current investments	10	4,400,000	4,400,000
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances		-	-
(e) Other non-current assets	11	-	-
		4,400,000	4,400,000
2 Current assets			
(a) Current investments			
(b) Inventories	12	52,101,805	20,764,104
(c) Trade receivables	13	818,566,121	724,786,956
(d) Cash and cash equivalents	14	10,379,161	16,217,375
(e) Short-term loans and advances	15	27,428,319	19,933,300
(f) Other current assets	16	398,334,085	385,366,780
		1,306,809,491	1,167,068,515
TOTAL		1,432,664,342	1,249,974,400

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

Firm Registration No. : 116886W

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

M No. 158020

Place : MUMBAI

 Date : 30th May, 2017

RAJESH P. GHATALIA
Chief Financial Officer
SWETA PODDAR
Company Secretary

Place : MUMBAI

 Date : 30th May, 2017

PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2017

PARTICULARS	Note No.	For year ended	For year ended	
		31 March, 2017	31 March, 2016	
		(In ₹)	(In ₹)	
A CONTINUING OPERATIONS				
1	Revenue from operations (gross)	17	3,959,670,409	2,460,287,303
2	Other income	18	33,370,790	31,369,156
3	Total revenue		3,993,041,199	2,491,656,459
4	Expenses			
	(a) Cost of Goods Sold	19	3,829,881,886	2,430,291,146
	(b) Employee benefits expense	20	3,364,167	2,623,075
	(c) Finance costs	21	43,292,972	17,180,804
	(d) Depreciation and amortisation expense	9	6,401,956	6,189,471
	(e) Other expenses	22	30,316,401	17,242,012
	Total expenses		3,913,257,382	2,473,526,508
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		79,783,817	18,129,951
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 + 6)		79,783,817	18,129,951
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 + 8)		79,783,817	18,129,951
10	Tax expense:			
	(a) Current tax expense for current year		20,965,976	5,236,404
	(b) (Less): MAT credit (where applicable)		-	-
	(c) Current tax expense relating to prior years		-	-
	(d) Net current tax expense		-	-
	(e) Deferred tax		-	-
			20,965,976	5,236,404
11	Profit / (Loss) for the year (9 - 10)		58,817,842	12,893,548
12	Earnings per share (of Rs. 10/- each) :			
	(a) Basic		3.25	0.77
	(b) Diluted		3.31	0.77
The accompanying notes are an integral part of the financial statements				1-26

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

For **AAREY DRUGS & PHARMACEUTICALS LTD**

CA. MANISH KANKANI
Partner

JAGDISH K SHAH
Chairman

MIHIR R. GHATALIA
Managing Director

CHETAN K. MEHTA
Director

M No. 158020

Place : MUMBAI

Date : 30th May, 2017

RAJESH P. GHATALIA
Chief Financial Officer

SWETA PODDAR
Company Secretary

Place : MUMBAI

Date : 30th May, 2017

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

Nature of Business Activity:

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

(b) Basis of Preparation of Financial Statements

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

(c) Use of Estimates

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

(d) Revenue recognition

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

(e) Property Plant and Equipment**(i) Tangible Assets**

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

(ii) Intangible assets

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

(f) Depreciation

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

(g) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is

recognized in accordance with Accounting Standard-28 "Impairment of Assets", for the amount by which the asset's carrying amount exceeds its recoverable amount as on the carrying date. The recoverable amount is higher of the asset's fair value less costs to sell vis-à-vis value in at the lowest levels for which there are separately identifiable cash flows.

(h) Investments

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

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

(i) Inventories

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

(j) Taxation

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

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

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

(k) Provision, Contingent Liabilities and Contingent Assets

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

(l) Retirement Benefits

Liabilities in respect of bonus, gratuity, and 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 31.03.2017		As at 31.03.2016	
	Number of Shares	(In ₹)	Number of shares	(In ₹)
(a) Authorised: 25,000,000 Equity Shares of Rs. 10/- each (Previous year 17,000,000 Equity Shares of Rs 10/- each)	25,000,000	250,000,000	17,000,000	170,000,000
(b) Issued, subscribed and fully paid-up shares: 18,084,684 Equity Shares of Rs. 10/- each fully paid up (Previous Year 16,814,684 Equity Shares of Rs. 10/- each)	18,084,684	180,846,840	16,814,684	168,146,840
Total Issued, subscribed and fully paid-up shares	18,084,684	180,846,840	16,814,684	168,146,840

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

Particulars	As at 31.03.2017		As at 31.03.2016	
	Number of Shares	(In ₹)	Number of shares	(In ₹)
Equity Shares At the beginning of the year	16,814,684	168,146,840	16,814,684	168,146,840
Preferential Issue during the year *	1,270,000	12,700,000	-	-
Outstanding at the end of the year	18,084,684	180,846,840	16,814,684	168,146,840

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

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

Name of the shareholder	As at 31.03.2017		As at 31.03.2016	
	No of Shares	% Share-holding	No of shares	% Share-holding
BINARAJESH GHATALIA	1,804,736	9.98	1,800,720	10.71
DAMYANTI PRANLAL GHATALIA	1,292,337	7.15	1,387,544	8.25
MIHIR RAJESH GAHTALIA	2,820,888	15.60	2,820,888	16.78
SURAJ TRADELINKS PVT. LTD.	1,560,000	8.63	1,560,000	9.28
NIMIT IMPEX PRIVATE LIMITED	1,560,000	8.63	1,560,000	9.28
TOTAL [5% & above]	9,037,961	49.98	9,129,152	54.30

(c) Terms/rights attached to equity shares

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

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

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
(a) Capital reserve		
Opening balance	2,000,000	2,000,000
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	2,000,000	2,000,000
(b) Securities premium account		
Opening balance	107,153,060	107,153,060
Add : Premium on shares issued during the year	58,443,823	-
Less: Utilised during the year Issuing of fully paid up Bonus Shares	-	-
Closing balance	165,596,883	107,153,060
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	89,673,548	76,790,719
Less: Adjustment relating to Fixed Assets	(3,251)	(10,718)
Add: Profit / (Loss) for the year	58,817,842	12,893,548
Less: Profit/(Loss) transfer to General Reserve	-	-
Closing balance	148,488,139	89,673,548
Total	316,085,022	198,826,608

NOTE 4 - LONG TERM BORROWINGS

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
(a) Other Loans & Advances		
Secured Vehicle Loan	725,464	875,368
	725,464	875,368
Unsecured		
Kotak Mahindra Bank Limited	-	-
Total	725,464	875,368

NOTE 5 - SHORT TERM BORROWINGS

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
(a) Loans and advances from related parties		
Unsecured		
From Others	-	3,538,184
	-	3,538,184
(b) Other loans and advances		
Secured		
Dena Bank*	103,197,704	140,940,623
	103,197,704	140,940,623
Total	103,197,704	144,478,807

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

NOTE- 6 TRADE PAYABLE

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
Trade payables:		
For Goods	730,679,527	712,176,905
For Expenses	14,793,343	7,274,357
Total	745,472,869	719,451,262

NOTE- 7 OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
Share Application Money pending Statutory & Other Remittances	3,640,000	-
(a) Employees Profession Tax Payable	5,425	3,325
(b) T.D.S. Payable	102,734	238,505
(c) Advance from Customers	42,161,768	5,995,806
(d) Service Tax Payable*	513,126	94,920
Total	46,423,053	6,332,556

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

NOTE- 8 SHORT TERM PROVISIONS

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
Provision - Others:		
(i) Provision for Income tax	32,201,325	11,235,342
(ii) Provision for Expenses	897,293	523,325
(iii) Provision for G-VAT	148,102	104,291
	33,246,720	11,862,959

NOTE- 10 NON CURRENT INVESTMENT

Particulars	As at 31.03.2017			As at 31.03.2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	No. of Shares	(In ₹) No. of Shares	(In ₹) (In ₹)	No. of Shares	(In ₹) No. of Shares	(In ₹) (In ₹)
A Other investments						
a) Investment in equity instruments						
(i) Shares of Transmedia Software Ltd	-	-	4,000,000	-	-	4,000,000
(b) Plot At Kankavali			400,000			400,000
Aggregate Amt.	-	-	4,400,000	-	-	4,400,000


Notes 9 : FIXED ASSETS

A. Tangible assets	Gross block					Accumulated depreciation and impairment				Net block	
	Balance as at 1.4.2016 ₹	Additions ₹	Unamortised carrying Value ₹	Borrowing cost capitalised ₹	Other adjustments ₹	Balance as at 31.3.2017 ₹	Balance as at 1.4.2016 the year ₹	Depreciation/amortisation expense for ₹	Unamortised carrying Value ₹	Balance as at 31.3.2017 ₹	Balance as at 31.3.2016 ₹
Land	2,243,546	-	-	-	-	2,243,546	226,620	-	-	2,016,926	2,016,926
Factory Building	29,755,744	-	-	-	-	29,755,744	20,146,836	1,074,155	-	8,534,753	9,608,908
Plant & Machinery	156,861,166	49,071,292	-	-	-	205,932,458	92,051,324	4,687,783	-	109,193,351	64,809,842
Electronic Equipments	544,092	187,573	-	-	-	731,665	446,087	45,517	-	240,061	98,005
Furniture	669,762	22,800	-	-	-	692,562	245,215	101,311	-	346,036	424,547
Computer	703,203	40,758	-	-	-	743,961	551,659	45,234	3,251	143,817	151,544
Motor Car	2,245,607	-	-	-	-	2,245,607	994,975	388,468	-	862,164	1,250,632
Laboratory Equipment	139,056	-	-	-	-	139,056	132,103	-	-	6,953	6,953
Air Condition	307,432	31,750	-	-	-	339,182	168,902	-	59,488	110,792	138,530
Total	193,469,607	49,354,173	-	-	-	242,823,780	114,963,722	6,401,956	3,251	121,368,929	78,505,885
Previous year	167,686,256	25,783,351	-	-	-	193,469,607	108,763,561	6,189,471	10,690	78,505,885	59,922,694

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

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
(a) Miscellaneous Expenditure	-	313,526
Less: Current Year Written Off	-	313,526
Total	-	-

NOTE- 12 INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
(a) Stock-in-trade	52,101,805	20,764,104
Total	52,101,805	20,764,104

NOTE- 13 TRADE RECEIVABLE

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	30,900,983	14,408,025
Doubtful	-	-
	30,900,983	14,408,025
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	787,665,138	710,378,931
Doubtful	-	-
	787,665,138	710,378,931
Total	818,566,121	724,786,956

NOTE- 14 CASH & CASH EQUIVALENTS

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
(a) Cash on hand	6,041,353	1,487,102
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	237,808	14,035,311
(ii) In deposit accounts	4,100,000	694,963
Total	10,379,161	16,217,375

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

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
(a) Loans and advances to related parties	-	-
(b) Loans and advances to others	223,000	95,300
	223,000	95,300
(c) Balances with government authorities	25,018,481	17,728,582
	25,018,481	17,728,582
(d) Security Deposit Unsecured, considered good Deposit with BSE Other Deposits	-	-
	2,186,838	2,109,418
	2,186,838	2,109,418
Total	27,428,319	19,933,300

NOTE- 16 OTHER CURRENT ASSETS

Particulars	As at 31.03.2017 (In ₹)	As at 31.03.2016 (In ₹)
(a) Advance to suppliers for Goods	398,059,155	383,629,512
(b) Advance towards Expenses	274,930	1,737,268
Total	398,334,085	385,366,780

NOTE- 17 INCOME FROM OPERATIONS

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Sale of Traded Goods	3,959,670,409	2,460,287,303
Total	3,959,670,409	2,460,287,303

NOTE- 18 OTHER INCOME

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Interest income		
Interest on loans and advances	29,096,637	28,638,391
Interest on late payment	248,209	637,198
(b) Commission received	1,068,665	578,108
(c) Storage received	742,154	1,215,185
(d) M-VAT Receivable	263,709	217,801
(e) Misc. Income	1,951,416	82,473
Total	33,370,790	31,369,156

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE -19 COST OF GOODS SOLD

(In ₹)

(In ₹)

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Opening Stock	20,764,104	41,663,895
Add: Purchases	3,843,166,650	2,399,044,280
Add: Direct Expenses	18,052,937	10,347,074
	3,881,983,691	2,451,055,250
Less: Closing Stock	52,101,805	20,764,104
Cost of Goods Sold	3,829,881,886	2,430,291,146
Total	3,829,881,886	2,430,291,146

DIRECT EXPENSES

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Factory Expenses	3,221,284	1,132,613
Carriage Inwards	597,670	4,095,554
Power & Fuel	3,025,088	280,500
Loading & Unloading Charges	179,402	102,045
Custom Duty	2,613,960	2,214,993
Storage Expenses	623,913	1,278,510
Sales Tax expenses	6,000	162,057
Other Direct Exp	7,785,620	1,080,802
Total	18,052,937	10,347,074

NOTE- 20 EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Salaries and wages	3,078,892	2,391,586
(b) Staff Welfare Expenses	129,571	216,649
(c) Over Time Salary	155,704	14,840
	3,364,167	2,623,075

NOTE- 21 FINANCE COSTS

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Bank Interest	15,449,947	15,378,386
Other Interest (LC Discounting charges)	27,027,296	492,695
Bank Charges	80,284	90,008
Bank and other processing charges	735,445	1,219,715
	43,292,972	17,180,804

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE-22 OTHER EXPENSES

(In ₹)

(In ₹)

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Security Services Charges	533,387	455,548
Conveyance	96,519	93,568
Electricity Charges	364,052	369,942
Custodial Fees	120,000	90,000
Rent Rate & Taxes	8,859,791	3,568,431
Brokerage and Commission Expenses	4,772,811	2,800,476
Legal & Professional Charges	1,587,401	824,100
Motar Car Expenses	746,622	570,693
Printing & Stationary Exps.	111,665	80,636
Audit Fees	105,000	95,000
Communication Expenses	271,079	274,366
Repairs & Maintenance	2,578,114	1,381,630
Insurance Exps.	172,315	260,767
Donation Expenses	123,500	4,201
RTA Expenses	199,251	95,951
Sales Promotion Expenses	2,329,079	1,376,176
Advertisement Expenses	89,340	139,445
Carriage Outward Expenses	6,334,577	4,019,411
Entertainment Expenses	-	18,490
Miscellaneous Expenses	417,359	196,686
Office expenses	31,405	33,755
Right Issue expenses Written Off settlement and discount	473,134	313,526
	-	179,214
Total	30,316,401	17,242,011

Note 22 Other expenses (contd.)

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(i) Payments to the auditors comprises (net of service tax input credit, where applicable) :		
As auditors - statutory audit	105,000	95,000
For taxation matters	-	-
For company law matters	-	-
For management services	-	-
For other services	-	-
Reimbursement of expenses	-	-
Total	105,000	95,000

NOTES TO ACCOUNTS:

23. Balances of Trade Receivables, Loans and Advances, Secured Loans, Trade Payables & 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 stated in balance sheet.
25. 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 Standards²⁸ issued by The Institute of Chartered Accountants of India
26. The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been made.
27. **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:

	2015-2017 (In ₹)	2014-2016 (In ₹)
Profit Attributable to Equity Share Holders (After Tax)	58,817,842	1,28,93,548
Weighted Average Number of Equity Share (Nos.)	180,846,840	16,814,684
Basic/ Diluted Earnings Per Share	3.25	0.77
Diluted Earnings Per Share	3.31	0.77
Face Value per Equity Share	10.00	10.00

28. **Deferred Tax Assets/(Liability) :**

The Company has not provided Deferred Tax Liabilities for the year 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.

29. As per information provided by management, depreciation as per companies act, 2013 has been provided only for one day because some Plant & Machinery has been put to use for only for one day and rest for full months.

30. **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. 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
Nimit Impex Pvt. Ltd.	Concern in which relatives of MD are substantially interested.
Suraj Tradelinks Pvt. Ltd	Concern in which relatives of MD are substantially interested
Enam Organic India Ltd.	Company in which director are substantially interested

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

Related Party Transaction

Particulars	Companies in which Directors are substantially interested	Key Management Personnel	Relative of Key Management Personnel & Others
Remuneration	-	3,00,000	-
Rent Paid	-	9,96,000	19,80,000
<u>Loan Transactions</u>			
Opening Balance as on 01.04.2016		4,38,132	30,19,552
Loan amount taken		31,16,093	22,37,216
Loan amount given	-	35,54,225	52,56,768
Credit Balance as on 31.03.2016	-	-	-

31. Segment Information on (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.

32. Specified Bank Notes Disclosures(SBNs):

As per the amendment to schedule III to the companies act, 2013 every company shall disclose the details of Specified bank Notes (SBN) held as transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the table:

SBNs	Other denomination Notes	Total
Cash in hand as on 08/11/2016		59,63,562
(+) Permitted receipts		4,12,269
(-) Permitted payments		53,764
(-) Amount deposited in banks		7,39,000
Closing cash in hand as on 31/12/2016		55,83,067

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

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

For AAREY DRUGS & PHARMACEUTICALS LTD

CA. MANISH KANKANI
Partner

M No. 158020

Place : MUMBAI

Date : 30th May, 2017

JAGDISH K SHAH
Chairman

RAJESH P. GHATALIA
Chief Financial Officer

MIHIR R. GHATALIA
Managing Director

SWETA PODDAR
Company Secretary

CHETAN K. MEHTA
Director

Place : MUMBAI

Date : 30th May, 2017

Cash Flow Statement for the year ended 31 March, 2017

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
	(In ₹)	(In ₹)	(In ₹)	(In ₹)
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax	79,783,817		18,129,951	
<i>Adjustments for</i>				
Misc. Expenditure written off	473,134		313,526	
Depreciation and amortization	6,401,956		6,189,471	
Finance costs	43,292,972	129,951,880	17,180,804	41,813,752
Operating profit / (loss) before working capital changes		129,951,880		41,813,752
<i>Changes in working capital</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(31,337,701)		20,899,791	
Trade receivables	(93,779,165)		-57,656,359	
Short-term loans and advances	(7,495,019)		-4,016,416	
Other current assets	(12,967,305)		-25,936,071	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Short-term borrowings	(40,368,614)		34,279,870	
Trade payables	26,021,607		48,013,055	
Other current liabilities	39,178,008		3,495,962	
Short-term provisions	417,786	(120,330,404)	(4,302,502)	14,777,330
		9,621,476		56,591,082
Cash flow from extraordinary items		-		-
Cash generated from operations		9,621,476		56,591,082
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) operating activities (A)		9,621,476		56,591,082
B. Cash flow from investing activities				
Fixed Assets Purchase	(49,354,173)		(25,783,351)	
Sale proceed from Investments	-		0	
Investment in Companies	-	(49,354,173)	-	(25,783,351)
Cash flow from extraordinary items		-		-
		(49,354,173)		(25,783,351)
Net cash flow from / (used in) investing activities (B)		(49,354,173)		(25,783,351)
C. Cash flow from financing activities				
Proceeds from long-term borrowings	(149,904)		875,368	
Finance cost	(43,292,972)		(17,180,804)	
Issue of capital	12,700,000		-	
Share warrant	6,666,670		-	
Right Issue expenses Written Off	(473,134)		-	
Premium on Issue of shares	58,443,823	33,894,483	-	(16,305,436)
Cash flow from extraordinary items		-		-
Net cash flow from / (used in) financing activities (C)		33,894,483		(16,305,436)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(5,838,214)		14,502,295
Cash and cash equivalents at the beginning of the year		16,217,375		1,715,110
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		10,379,161		16,217,405
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet		10,379,161		16,217,375
Less: Bank balances not considered as Cash and cash equivalents		-		-
Net Cash and cash equivalents		10,379,161		16,217,375
Add: Current investments considered as part of Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year *		10,379,161		16,217,375
* Comprises:				
(a) Cash on hand		6,041,353		1,487,102
(c) Balances with banks				
(i) In current accounts		237,808		14,035,311
(ii) In earmarked accounts		4,100,000		694,963
		10,379,161		16,217,375

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

For AAREY DRUGS & PHARMACEUTICALS LTD
CA. MANISH KANKANI
Partner

JAGDISH K SHAH
Chairman

MIHIR R. GHATALIA
Managing Director

CHETAN K. MEHTA
Director

M No. : 158020

Place : MUMBAI

Date : 30th May, 2017

RAJESH P. GHATALIA
Chief Financial Officer

SWETA PODDAR
Company Secretary

Place : THANE

Date : 30th May, 2017

 **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 Seventh Annual General Meeting of the Company at E-34, MIDC, Tarapur, Boisar, Dist. Palghar. On September 29, 2017 At 10.00A.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.

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 **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 Seventh Annual General Meeting of the Company to be held on September 29, 2017 at 10.00A.M. at E-34 , MIDC , Tarapur , Boisar , Dist. Palghar on and at any adjournment thereof.

Signed this _____ day of _____ 2017.

Reference Folio No. _____

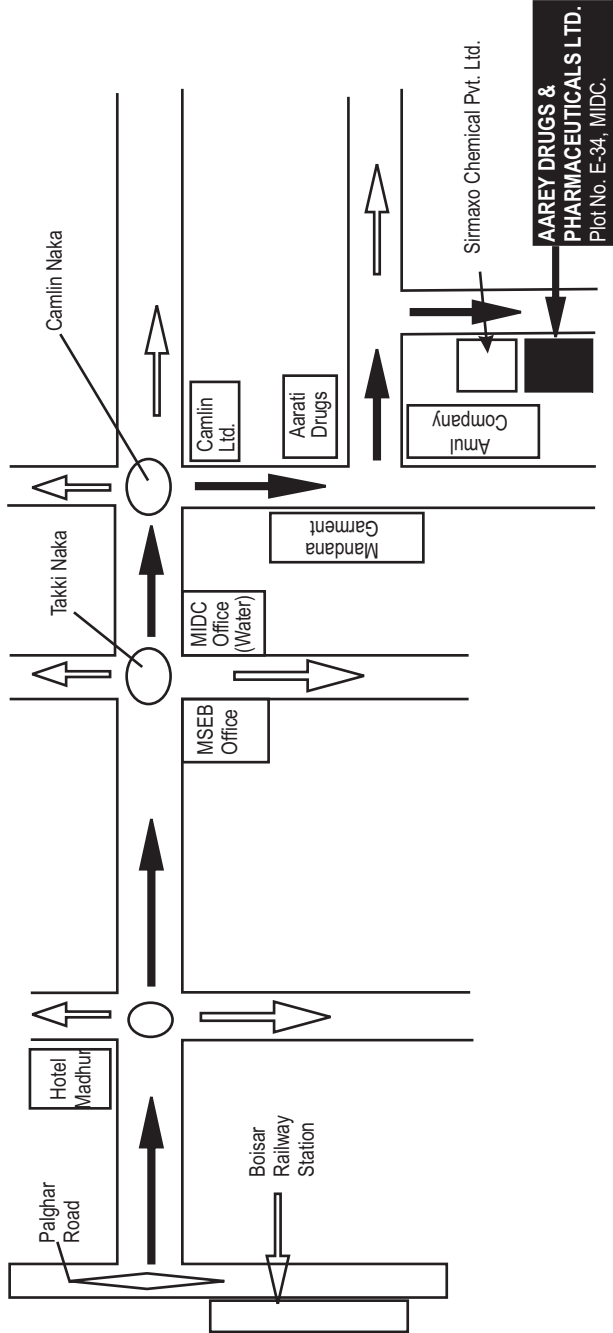
No. of Shares held _____

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 :

Aarey DRUGS & PHARMACEUTICALS LTD.

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