



AAREY DRUGS & PHARMACEUTICALS LIMITED
ANNUAL REPORT 2021-22



BOARD OF DIRECTORS

Mihir Rajesh Ghatalia
Nimit Rajesh Ghatalia
Chetan Kiritbhai Mehta
Lalit Radhakrishna Tulsiani
Anil Mandal
Archana Pramod Wani

Chairman & Managing
Director Executive Director
Independent Director
Independent Director
Independent Director
Woman Director

KEY MANAGERIAL PERSONNEL

Mira Mihir Ghatalia
Preeti Paresh Rathi

Chief Financial Officer
Company Secretary

REGISTERED OFFICE

E-34, M.I.D.C.,
Tarapur, Boisar,
Dist.Thane.
Pincode – 401506

HEAD OFFICE

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

WORKS

E-34, M.I.D.C
Tarapur, Boisar,
Dist. Palghar.
Pincode - 401506

BANKER

Bank of Baroda
Andheri (West), Mumbai

AUDITORS

Motilal & Associates LLP.
304, Orchid Plaza,
S.V. Road, Boriwali West
Mumbai - 400092

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON FRIDAY 30TH SEPTEMBER, 2022 AT E-34, MIDC, TARAPUR, BOISAR, DIST. THANE AT 9.15 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the year ended 31st March, 2022, the Balance sheet as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mihir Ghatalia (DIN: 00581005), who retires by rotation and being eligible, offers himself for re-appointment.

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

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

Date: 30th May, 2022
Place: Mumbai

Preeti Paresh Rathi
Company Secretary & Compliance Officer

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

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



2. The register of members and the share transfer books of the company will remain closed from 24th September 2022 to 30th September 2022 (both days inclusive) in connection with the Annual General Meeting.
 3. The Annual Report and Notice for the 32nd AGM alongwith Attendance slip and Proxy form, is being send by electronic mode to all the shareholders whose email address are registered with the Company/ Depository Participant unless a member has requested for a hard copy of the same. For members who have not registered their email address, physicals copies have been send through permitted mode. Members are requested to bring their copy of the Annual Report at the meeting.
 4. To protect the environment and disseminate all the communication promptly, members who have not registered their E-mail ID so far are requested to register the same with DP/RTA for receiving all the communications including Annual Reports, Notices etc. electronically.
 5. 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 32nd Annual General Meeting of the Company on 30thSeptember, 2022. 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.
- 6. THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM/EGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:**
- i) The voting period begins on 27th September, 2022 and ends on 29th September, 2022 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 23rd September may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders’ resolutions. However, it has



been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of:

Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none">1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e.



	<p>CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <ol style="list-style-type: none">3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<ol style="list-style-type: none">1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with



	<p>NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p>
<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.</p>



Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
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7. LOGIN METHOD FOR E-VOTING AND JOINING VIRTUAL MEETING FOR SHAREHOLDERS OTHER THAN INDIVIDUAL SHAREHOLDERS HOLDING IN DEMAT FORM & PHYSICAL SHAREHOLDERS.

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) 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 30.09.2022 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.
- (xvi) The e-voting period shall commence on September 27, 2022 (9:00 a.m. onwards) and ends on September 29, 2022 (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 23rd September, 2022, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (xvii) Mr. Virendra Bhatt, Whole time Practicing Company Secretary, Mumbai has been appointed Scrutinizer to scrutinize the evoting process in a fair and transparent manner.
- (xviii) The Scrutinizer shall within a period not exceeding two days from the conclusion of evoting period unblock the votes in the presence of two witnesses not in employment of the Company and make scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the Company.
- (xx) The Results shall be declared on or after the AGM of the Company. The Result declared alongwith the Scrutinizer's Report shall be placed on the Company website at www.aareydrugs.com within two days of passing of the resolutions of the AGM and communicated to BSE Limited and National Stock Exchange.
- (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.
- (xxii) **Facility for Non – Individual Shareholders and Custodians –Remote Voting**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.



- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; aareydrugs@gmail.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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

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

Date: 30th May, 2022
Place: Mumbai

Preeti Paresh Rathi
Company Secretary & Compliance Officer



DIRECTORS REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting the Thirty Second Annual Report together with Audited Accounts for the year-ended 31st March, 2022.

FINANCIAL RESULTS:

(Amount in Rs.)

Particular	31st March, 2022	31st March, 2021
Income	4954275424	3554310438
Expenditure	4854004607	3471296643
(Loss)/ Profit Before Exceptional Item & Tax	100270817	83013795
Profit Before Tax	100270817	83013795
(Less)/ Add: Tax Expenses	(34822848)	(17870735)
Balance Carried To Balance Sheet	65447969	65143060

REVIEW OF OPERATIONS & FUTURE OULOOK

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

DIVIDEND

Your directors do not recommend any dividend for the year ended 31st March, 2022.



DEPOSITS

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

TRANSFER TO RESERVE:

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

CHANGES IN SHARE CAPITAL, IF ANY:

During the financial year, Company has increased the Authorized Share Capital of the Company from existing is Rs. 25,00,00,000/- (Rupees Twenty five crores only) divided into 2,50,00,000 (Two crores Fifty Lakh) Equity Shares of Rs. 10/- (Rupees Ten only) each, to Rs 25,50,00,000/- (Rupees Twenty five crores Fifty Lakh only) divided into 2,55,00,000 (Two crores Fifty five Lakh) Equity Shares of Rs.10/- (Rupees Ten only)

Company has allotted 20,00,000 (Twenty Lakh Only) Equity Shares of the face value of Rs. 10/- (Rupees Ten Only) each, by way of preferential issue on 25th November, 2021.

SUBSIDIARY / HOLDING COMPANY, ETC.:

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

VIGIL MECHANISM

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

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time,



the Board of Directors of the Company has constituted Corporate Social Responsibility (CSR) Committee Corporate Social Responsibility (CSR) is a good way of conducting business by which corporate entities visibly contribute to the society. The essence of CSR is to integrate the economic, environment and social objectives of the company's operations and growth. CSR is the process by which the organization thinks about and evolves its relationship with the society and demonstrates its commitment by giving back to the society for the resources it used.

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

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

During the year, the Company has spent Rs. 16,27,997/- on CSR activities. The Company has identified focus areas of engagement which have been enumerated in the Annual Report on CSR Activities attached as **Annexure-A**.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31st March 2022, the Board consists of six members, two of whom are Executive Directors and 3 are Independent Directors and one is Non-Executive Directors.

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

INTER-SE RELATIONSHIP BETWEEN DIRECTORS:

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- a) that in preparation of the Annual Accounts for the year ended 31st March, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures , if any;



- b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of financial year ended 31st March, 2022 and the profit/(Loss) of the Company for the year under review;
- c) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act ,2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts for the year ended 31st March, 2022 have been prepared on a “going concern basis”
- e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) they devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ANNUAL RETURN

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

AUDITORS

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

SECRETARIAL AUDIT REPORT

The Secretarial Audit Report pursuant to the provisions of Section 204 for the financial year 2021-22 was obtained from M/s. Virendra Bhatt& Associates, Practicing Company Secretaries, which is annexed hereto as **Annexure B**.

The Board has re-appointed M/s. Virendra Bhatt& Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company for the financial year 2022-23.



MEETINGS

During the financial year 2021-22, 07 (seven) meetings of the Board of Directors and 07 (seven) meetings of the Audit Committee were held. Details of these meetings and other Committees of the Board/General Meeting are given in the Report on Corporate Governance forming part of this Annual Report.

DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTOR

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

PERFORMANCE EVALUATION AND ITS CRITERIA:

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

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

The Independent Directors at its separate meeting held on 25th February, 2022 reviewed the performance of Non-Independent Directors and performance of the Board as a whole, performance of the Chairman of the Company taking into account the views of Executive and Non-executive Directors and assessed the quality, quantity and timeliness of flow of information to the Board to perform their duties effectively and reasonably.



PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

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

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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

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

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

INTERNAL FINANCIAL CONTROL SYSTEM

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

Your Company has in place an adequate system of internal controls to ensure compliance with various policies, practices and statutes. It has procedures covering all financial and operating



functions and processes. These have been designed to provide a reasonable assurance with regards to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliance with regulations. Key controls have been tested during the year and corrective and preventive actions are taken for any weakness.

CHANGE IN THE NATURE OF BUSINESS (IF ANY):

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

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

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

COMPLIANCE WITH SECRETARIAL STANDARDS:

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

MATERIAL CHANGES AND COMMITMENT:

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

SIGNIFICANT AND MATERIAL ORDERS:

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

PARTICULARS OF RELATED PARTY TRANSACTIONS:

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



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

PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN:

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

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

During the year under review, no complaint was received.

POLICIES AND DISCLOSURE REQUIREMENTS:

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

All Directors and Senior Management Personnel have affirmed their adherence to the provisions of the Code of Conduct during the financial year 2021-22.

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

CORPORATE GOVERNANCE & VIGIL MECHANISM:

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



RISK MANAGEMENT:

The Company has its Risk Management Plan & Policy in place which is also displayed on the website of the Company. In the opinion of the Board, during the financial year 2021-22, no elements of risk which may threaten the existence of the Company were noticed by the Board. The Committee monitors the risk management plan and ensures its effectiveness. The details of Committee are set out in the Corporate Governance Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

PROMOTERS:

The Promoter Group's holding in the Company as on 31st March, 2022 was 48.06% of the Company's paid up Equity Capital. The members may note that the shareholding and other details of Promoters has been provided in Annual Return.

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

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

EMPLOYEES:

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

REMUNERATION:

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

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



DISCLOSURE UNDER SECTION 164

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Mihir R. Ghatalia
Chairman and Managing Director

Place: Mumbai
Date: 30th May, 2022

Annexure-B

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

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

1	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programs.	The Company has done various CSR activities in the areas of promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
2	Composition of Committee	1) Chetan Mehta- Chairperson 2) Mihir Ghatalia_ - Member 3) Lalit Tulisiani_ - Member
3	Average Net Profit of the Company for the last 3 Fy's	Rs. 81399863/-
4	Prescribed CSR Expenditure (2% of the amount mentioned in item 3 above)	Rs. 1627997/-



5	Details of CSR spent during the Financial Year a. Total amount spent for the Financial year. b. Amount unspent, if any. c. Manner in which the amount spent during the financial year.	Rs. 1627997/- NIL As per the Table of Amount spent on CSR activities mentioned below.
6	Reason for not spending the amount earmarked.	-

Details of amount spent on CSR activities during the financial year 2021-22.

Sr. No.	CSR Project or activity identified	Sector in which the project is covered (Clause No. of Schedule VII to the Companies Act, 2013).	Project or Program (1) Local area or other (2) specify the State and District where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the Projects or Programs Sub heads: (1) Direct Expenditure on Projects or Programs (2) Overheads
	Company has given the amount to be spent in Corporate Social Responsibility activities as mentioned in the Companies Act, 2013 to Omkar Andh- Apang Samajik Sanstha.			Rs 16,27,997/-	Rs 75000/-

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

**Place: Mumbai
Date: 30th May, 2022**

**Chetan Mehta
Chairperson
DIN: 01639366**



ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE – B

Form No.: MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31STMARCH, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Aarey Drugs and Pharmaceuticals Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Aarey Drugs and Pharmaceuticals Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provides me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's statutory registers, papers, minute books, forms and returns filed with the Registrar of Companies ("ROC"), soft copy of the various records sent over mail as provided by the Company and other relevant records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 ("audit period"), has prima facie complied with the statutory provisions listed hereunder:

I have examined the statutory registers, papers, minute books, forms and returns filed with the ROC and other relevant records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

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



- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment- applicable only to the extent of Foreign Direct Investments and Overseas Direct Investments;
- (v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

Though the following laws are prescribed in the format of Secretarial Audit Report by the Government, the same were not applicable to the Company for the financial year ended 31st March, 2022:-

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



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

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

- i. The Company has not submitted to the stock exchange altered copy of the Memorandum of Association within twenty four hours of occurrence of the event as mentioned in Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as the Company has altered Memorandum of Association.
- ii. The Company has not filed Annual Report for the financial year ended 31st March, 2021 in XBRL mode as required under BSE Circular No.: LIST/COMP/40/2018-19 dated 08th February, 2019 and NSE Circular No.: Ref No: NSE/CML/2019/26 dated 01st November, 2019.



- iii. The Company has not disclosed the requirements as mentioned in point 2(d) of Part A of Annexure-I of SEBI Circular No.: CIR/CFD/CMD/4/2015 dated 09th September, 2015 for allotment of Equity Shares under the Preferential Issue.
- iv. The Company has delayed in submission of disclosures under Regulation 7(2) of the SEBI (Prohibition of Insider Trading) Regulations, 2015.
- v. One Independent Director of the Company along with his relative is holding securities of the Company in excess of permissible limit under Regulation 16 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, further the Company has given interest free loan to Independent Director and due to that, the composition of Board, Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee are not in accordance with the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and various sections of the Companies Act, 2013.
- vi. The Company has granted interest free, unsecured loans to its Directors, Companies and other parties and hence not complied with the provisions of Section 185 and 186 of the Companies Act, 2013.

I further report that:-

1. I have not examined the Financial Statements, Financial books and related financial Act like Income Tax, Sales Tax, Value Added Tax, Goods and Services Tax, ESIC, Provident Fund, Professional Tax, Foreign Currency Transactions, Related Party Transactions, Borrowings, Loans, including reconciliation of Bank Statements etc., for these matters, I rely on the report of statutory auditors and their observations, if any, and notes on accounts in Financial Statement for the year ended 31st March, 2022.
2. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.



3. As per the information provided, the Company has prima facie given adequate notice to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.
4. I was informed and I observed from the minutes of the Board and Committee Meetings that all the decisions at the Meetings were prima facie carried out unanimously.
5. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
6. The management is responsible for compliances of all business laws. This responsibility includes maintenance of statutory registers/files required by the concerned authorities and internal control of the concerned department.
7. During the audit period, the Company had filed Forms required to be filed within prescribed time and one with additional fees.
8. I have not verified financial statements, financial books and statutory dues under various finance acts and for these matters I rely on the Audited Financial Statements.
9. During the audit period, the Company has increased the Authorized Share Capital of the Company from existing is Rs. 25,00,00,000/- (Rupees Twenty five crores only) divided into 2,50,00,000 (Two crores Fifty Lakh) Equity Shares of Rs. 10/- (Rupees Ten only) each, to Rs 25,50,00,000/- (Rupees Twenty five crores Fifty Lakh only) divided into 2,55,00,000 (Two crores Fifty five Lakh) Equity Shares of Rs.10/- (Rupees Ten only) ranking pari passu in all respect with the existing Equity Shares of the Company which results in alteration of Memorandum of Association of the Company.
10. During the audit period the Company has allotted 20,00,000 (Twenty Lakh Only) Equity Shares of the face value of Rs. 10/- (Rupees Ten Only) each, by way of preferential issue on 25th November, 2021.



11. I further report that during the audit period, there were no instances of:
- i. Public/ Rights/debentures/ sweat equity, etc.;
 - ii. Issue of equity shares under Employee Stock Option Scheme;
 - iii. Redemption / Buy- Back of securities;
 - iv. Major decisions taken by the Members in pursuance to the Section 180 of the Companies Act, 2013 which would have major bearing on the Company's affairs;
 - v. Merger / amalgamation / reconstruction etc.;
 - vi. Foreign Technical Collaborations.

I further report that:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of Company.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.



7. Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.
8. I have conducted online verification and examination of records, as facilitated by the Company due to prevailing conditions owing to Covid-19 for the purpose of issuing this Report.

Date: 30th May, 2022

Place: Mumbai

Virendra G. Bhatt

Practicing Company Secretary

ACS No.: 1157 / COP No.: 124

Peer Review Cert. No.: 1439/2021

UDIN: A001157D000431941



ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE-C

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY :

a) Energy conservation measures taken :

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

b) Impact of above measures:

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

B. POWER AND FUEL CONSUMPTION :

Particulars	2021-2022	2020-2021
(i) Electricity Purchased:		
Units (KWH)	9,18,285 KWH	6,24,941 KWH
Total Amount (Rs.)	82,32,094	63,97,668
Rate/ Unit (Rs.)	10.23	10.23
(ii) Own generation		
a) Through diesel generator	8580 KWH	2960 KWH
Units per ltr. Of diesel Oil	3.3 KWH	3.3 KWH
Cost/unit	28.1	23.87



b) Through steam turbine/ generator		
Unit	NIL	NIL
Unit per ltr. Of fuel oil/ gas	NIL	NIL
Cost/ Unit	NIL	NIL
(III) Coal		
Quantity (tones)	835.675 MT	554.122 MT
Total Cost	96,29,174	41,64,646
Average rate	11522.63/MT	7,515.75/ MT
(iv) Furnance Oil/ Diesel		Furnace Oil
Quantity (m.t.)	NIL	123.780
Total Amount (Rs.)	NIL	39,24,557
Average Rate (Rs.)	NIL	31.70
(v) Others/ Internal generation		
Quantity	50.560 MT	
Total Cost	476894	
Rate/ unit	9437.84/MT	

C. ACTUAL PRODUCTION :

	Quantity (in MTS) 2021-2022	Quantity (in MTS) 2020-2021
Total Production	351.688 MT	349.460 MT
RESEARCH & DEVELOPMENT (R & D):		



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

D. TECHNOLOGY, ABSORPTION, ADAPTION AND INNOVATION :

	2020-2021	2019-2020
	(Rs.)	(Rs.)
a) Efforts, in brief, made towards technology Absorption, adaption and innovation		
b) Benefits derived as a result of the above		
	2021-2022	2020-2021
	(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:

	2021-2022	2020-2021
	(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	300980106	17528160
Total Foreign Exchange earned (F.O.B.)	9279097	2970675

For and on behalf of the Board of Directors

Mihir R Ghatalia
Chairman and Managing Director

Place: Mumbai
Date: 30th May, 2022



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.360.83Cr. This has been mainly possible due to the efforts put in to achieve growth. The increased sales also reflect the improved performances of the company.

The paid-up equity share capital stood at Rs. 25.38Cr. The Earnings per Share were Rs.2.72 As the company is going for expansion hence dividend not recommended.

RESOURCES AND LIQUIDITY

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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



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

HUMAN RESOURCES / DEVELOPMENT

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

OUTLOOK

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



CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

2. BOARD OF DIRECTORS

a)Composition:

The composition of the Board, details of other directorships, committee positions as on 31st March, 2022 and attendance of Directors at the Board Meetings and at the Annual General Meeting ('AGM') held during the year under review are given in the table below:

Name of Directors	Designation	Directorship in other public Limited Companies #	Other Companies Committee	
			Membership	Chairperson
Mr. Mihir R. Ghatalia	Chairman and Managing Director	2	1	Nil
Mr. Chetan K.Mehta	Non Executive Independent Director	0	0	0
Mr. Lalit Tulsiani	Non Executive Independent Director	1	1	2
Smt. Archana P	Non Independent Non	1	1	Nil



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

The number of Directorships excludes Directorships in Private Limited Companies

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

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

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



b)Number and date of Board Meetings held:

Seven Board Meetings were held during the Financial Year 2021-22. The dates on which meetings were held are 08/06/2021, 16/06/2021, 29/06/2021, 10/08/2021, 12/11/2021, 25/11/2021 and 08/02/2022.

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

The meetings of the Board of Directors are scheduled well in advance and the folder containing agenda for the meeting with detailed review of all aspects of the Company business, including Performance of the Company, Employee relations, details of Investments, Capital Expenditure, etc. is circulated to all the Directors before 7 days of the date of Board Meeting. It also highlights important matters discussed at the Audit Committee, Share Transfer Committee & Investor Grievance Committee of the Board.

c)Disclosure of relationship between directors inter-se:

Mr. Mihir Ghatalia, Managing Director, is brother of Mr. Nimit Ghatalia except this, there are no inter –se relationships.

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

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

Srno	Name	of	Leadership	Pharma	Accounting	Strategy &	Sales and other
------	------	----	------------	--------	------------	------------	-----------------



	Directors		expertise	experience	Planning	development
1	Mr. Mihir Ghatalia	✓	✓		✓	
2	Mr. Nimit Ghatalia				✓	✓
3	Mr. Chetan Mehta			✓	✓	
4	Mr. Lalit Tulsiani	✓	✓	✓	✓	
5	Mrs. Archana Wani		✓	✓	✓	✓
6	Mr. Anil Mandal				✓	✓

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

As on 31st March, 2022 Lalit Tulsiani holds 840 shares and Chetan Mehta holds 300000 shares in the Company.

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

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

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

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

Further, a separate meeting of the Independent Directors was held on 25th February, 2022. All the Independent Directors were present at the said meeting.



3. AUDIT COMMITTEE

a) Composition:

As on 31st March, 2022 the Composition of Audit Committee comprised of Mr. Mihir Rajesh Ghatalia, Mr. Chetan Kirit Mehta and Mr. Lalit Radhakrishna Tulsiani.

b) Meeting and Attendance during the year:

During the financial year 2021-22 the Audit Committee met seven times i.e. on 08/06/2021, 16/06/2021, 29/06/2021, 10/08/2021, 12/11/2021, 25/11/2021 and 08/02/2022. The attendance of the members at the meetings are as under:

Name of Members	Category	Designation	No. of Meetings Attended
Mr. Chetan K. Mehta	Non-Executive-Independent	Chairman	7
Mr. Mihir Rajesh Ghatalia	Chairman & Managing Director	Member	7
Mr. Lalit Tulsiani	Non-Executive-Independent	Member	7

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

(i) Terms of reference

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

Financial Reporting and other Financial Matters

- Oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- Reviewing with the management, quarterly unaudited financial statements and annual audited financial statements & Auditors' Report thereon before submission to the Board for approval. Review of annual financial statements inter alia includes



reviewing changes in Accounting Policies, if any, major accounting entries involving estimates, significant adjustments made in financial statements, qualifications in draft Audit report, if any;

- Reviewing management discussion and analysis of financial condition and results of operations;
- Scrutiny of inter-corporate loans & investments;
- Monitoring the performance of the unlisted subsidiaries by reviewing their financial statements including the investments made by them; and
- Reviewing the utilisation of loans and/or advances from/investment by the Company in the subsidiary exceeding ` 100 crore or 10% of the asset size of the subsidiary, whichever is lower.

Audit & Auditors, Internal Controls

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

Other Matters

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



4. NOMINATION AND REMUNERATION COMMITTEE

a) Brief Description of terms of reference:

(i) Terms of Reference

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

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

b) Composition:

As on 31st March, 2022 the Nomination and Remuneration Committee comprised of Mr. Chetan Mehta, Mrs. Archana Wani and Mr. Lalit Tulsiani.

c) Meeting and attendance during the year:

During the financial year the Nomination and Remuneration Committee met one time i.e on 14/09/2021. The attendance of the members at the meetings are as under.

Name of Members	Category	Designation	No of meetings attended
Mr. Lalit Tulsiani	Non-Executive-Independent	Chairman	1
Mr. Chetan K. Mehta	Non-Executive-	Member	1



	Independent		
Mrs. Archana Wani	Non-Executive- Independent	Non Member	1

d) Performance evaluation criteria for independent directors:

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

5. REMUNERATION OF DIRECTORS:

Name of Directors	Salary	Perquisites or Allowances	Contribution to PF & others	Sitting Fees	Total
Mihir R. Ghatalia	600000 p.a.	1884292 p.a.	-	-	2484292 p.a.
Chetan K. Mehta	-	-	-	-	-
Lalit R. Tulsiani	-	-	-	-	-
Archana Wani	-	-	-	-	-
Nimit Ghatalia	300000 p.a.	239446 p.a.	-	-	539446 p.a.
Anil S. Mandal	-	-	-	-	-

6. STAKEHOLDERS RELATIONSHIP COMMITTEE:



a. The Committee comprises of the following members

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

The Stakeholders Relationship Committee met 3 times during the year under review. The said meetings were held on 13/09/2021, 11/10/2021 and 04/01/2022.

7. COPORATE SOCIAL RESPONSIBILITY COMMITTEE:-

a.)Composition:

As on 31st March 2022 the Composition of Corporate Social Responsibility Committee comprised of Mr. Mihir Rajesh Ghatalia, Mr. Chetan Kiritbhai Mehta and Mr. Lalit Radhakrishna Tulsiani

b) Meeting and attendance during the year

During the Financial year 2021-22 the Corporate Social Responsibility Committee met one time i.e as on 30/12/2021

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

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



c. Number of Shareholder Complaints received during the year 2021-22: **2**

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

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

7. GENERAL BODY MEETINGS

Details of last three Annual General Meetings:

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

Year	AGM/ EGM	Date	Time	Venue	Special Resolution Passed
31 st March, 2021	AGM	11/09/2021	9:15A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	1) Issue upto 20,00,000 Equity Shares on Preferential Basis
31 st March, 2020	AGM	28/12/2020	9:15A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	1) Re- appointment of Mr. Chetan Mehta as Independent Director.
31 st March, 2019	AGM	30/09/2019	9:15A.M	E-34, MIDC, Tarapur, Boisar, Thana - 401506	1) Re- appointment of Mr. Mihir R. Ghatalia as Managing Director.

During the year ended 31st March, 2022 no resolution proposed to be passed through postal ballot.

8. MEANS OF COMMUNICATION

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



- b) The results of the Company are published in one English daily newspaper [Active Times (English)] and one Marathi newspaper [Mumbai Lakshadeep (Vernacular)]
- c) The Company's website www.aareydrugs.com contains the information pertaining to the Company that it is in compliance with the SEBI Listing Regulations.

9. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting:

- Date & Time : Friday, 30th September, 2022 at 9.15 a.m
- Venue : E-34, MIDC, Tarapur, Boisar, Thane – 401506

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

1st April, 2022 to 31st March, 2023

QUARTER RELEASE DATE	TENTATIVE AND SUBJECT TO CHANGE
1 ST Quarter ending 30 th June	On or before 14 th August,2022
2 ND Quarter ending 30 th September	On or before 14 th November,2022
3 RD Quarter ending 31 ST December	On or before 14 th February,2023
4 TH Quarter ending 31 ST March	On or before 30 th May, 2023

Book Closure Date: 24th September 2022 to 30th September 2022 (both days inclusive)

- c) **Dividend Payment date:** The Board has not recommended any dividend on Equity Shares of the Company for the year ended 31st March, 2022.
- d) **Equity Shares Listed** : BSE Limited (BSE) and NSE Limited (listed on NSE w.e.f 06/08/2021)
- e) **Listing Fees:** The Company has paid the Listing fees for the financial Year 2021-22.
- f) **Stock code: 524412 and AAREYDRUGS**
- g) **ISIN:** INE198H01019
- h) The monthly high and low shares prices during the year at BSE are as under



MONTH	HIGH	LOW
April -2021	38.30	22.15
May -2021	36.00	29.50
June -2021	36.80	31.00
July-2021	43.40	30.90
August-2021	46.70	34.45
September-2021	39.25	35.10
October-2021	38.55	32.60
November-2021	39.80	32.45
December-2021	44.10	33.50
January-2022	64.40	42.15
February-2022	55.85	39.00
March-2022	46.50	39.30

The monthly high and low shares prices during the year at NSE are as under (listed w.e.f 06th August , 2022)

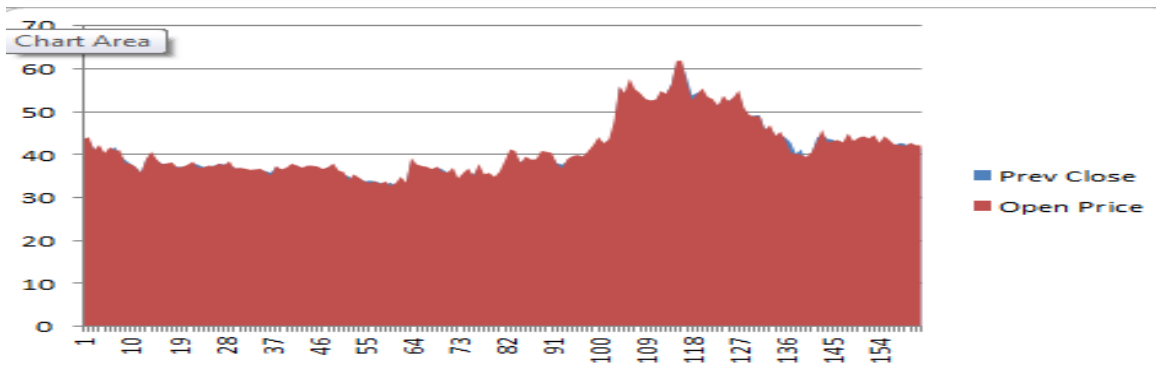
MONTH	HIGH	LOW
August-2021	44.60	31.15
September-2021	41.00	35.20
October-2021	39.60	32.70
November-2021	39.45	31.65



December-2021	44.15	33.50
January-2022	64.35	42.45
February-2022	62.00	36.50
March-2022	46.30	35.65

i) **Trading of Securities:** The Securities of the Company were not suspended from trading at any time during the financial year 2021-22.

j) Performance in comparison to broad-based indices such as BSE sensex, NSE Sensex etc;



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

C-101, 247 Park, LBS Marg,
Vikhroli (W), Mumbai-400083

Fax No. : 022 49186060

E-Mail : rnt.helpdesk@linkintime.co.in

l) **Share Transfer System:**



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

m) Distribution of Shareholding as at 31st March, 2022

SHAREHOLDING OF NOMINAL SHARES	Shareholders		Share Amount (Rs)	
	Nos.	%	Rs.	%
1-500	15360	85.85	1853225	7.30
501-1000	1225	6.84	994300	3.91
1001-2000	613	3.42	951118	3.74
2001-3000	229	1.28	590675	2.32
3001-4000	103	0.57	363330	1.43
4001-5000	107	0.59	507498	1.99
5001-10000	138	0.77	1047743	4.12
100001 & above	115	0.64	19076795	75.15

**n) Dematerialization of Shares and Liquidity:
As at 31st March, 2022**

Total No. of Fully paid up shares	Shares in demat form	Percentage (%)	Shares in physical form	Percentage (%)
25384684	24796825	97.69%	587859	2.31%



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

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

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

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

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

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

q) Credit Ratings: Ratings assigned in the FY 2021-22 as ACUITE BBB/ Outlook: Stable from ACUITE Ratings and Research.

10. DISCLOSURES:

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

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

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

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

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

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



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

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

g) Total fees for all services paid to the Statutory Auditors: The total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is Rs 2,14,500/-.

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

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

i) Compliance of the requirement of Corporate Governance Report: During the Financial year 2021-22, the Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of the Point C of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

j) Disclosures with respect to demat suspense account/ unclaimed suspense account: The Company does have 20 securities lying in demat/unclaimed suspense account arising out of unclaimed shares as at 31st March, 2022, as of now three reminder under regulation 39(4) of SEBI (LODR) has been sent.

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



CERTIFICATE OF CORPORATE GOVERNANCE

To,

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

I have examined the compliance of Corporate Governance by the **Aarey Drugs and Pharmaceuticals Limited** ('the Company') for the year ended 31st March, 2022, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') as referred to in Regulation 15(2) of the SEBI Listing Regulations for the year ended 31st March, 2022.

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

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

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

Date: 06th September, 2022

Place: Mumbai

Virendra G. Bhatt

Practicing Company Secretary

ACS No.: 1157 / COP No.: 124

Peer Review Cert. No.: 1439/2021

UDIN: A001157D000925850



CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To, The Board of Directors

AAREY DRUGS & PHARMACEUTICALS LTD

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

(a) I have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2022 and based on our knowledge and belief, I state that:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
- (ii) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws, and regulations.

(b) I further state that to the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company’s code of conduct.

(c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

(d) I have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:

- (i) Significant changes, if any, in the internal control over financial reporting during the year;
- (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
- (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

Mira Mihir Ghatalia

Place: Mumbai

Chief Financial Officer

Date: 30th May, 2022



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its Officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs:

Sr. No.	Name of the Director	Current Designation	DIN	Date of Appointment at current Designation	Original Date of Appointment
1.	Mihir Rajesh Ghatalia	Chairman and Managing	00581005	09/02/2018	02/08/2004



		Director			
2.	Chetan Kiritbhai Mehta	Independent Director	01639366	02/06/2008	02/06/2008
3.	Lalit Radhakrishna Tulsiani	Independent Director	01652630	28/12/2020	02/12/2004
4.	Archana Pramod Wani	Non-Executive Director	03121886	28/12/2020	17/04/2020
5.	Nimit Rajesh Ghatalia	Executive Director	07069841	28/12/2020	01/07/2020
6.	Anil Mandal	Independent Director	08291619	28/12/2020	14/11/2018

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

Date: 02nd May, 2022

Virendra G. Bhatt

Place: Mumbai

Practicing Company Secretary

ACS No.: 1157 / COP No.: 124

UDIN: A001157D000255059

Peer Review Cert. No.: 1439/2021

Note:

I have partially conducted online verification and examination of records, as facilitated by the Company due to the prevailing conditions owing to Covid-19 for the purpose of issuing this Certificate.



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) Lalit R Tulsiani
- 3) Anil Mandal

Date: 30.05.2022

Place: Mumbai



INDEPENDENT AUDITOR'S REPORT

To the Members of AAREY DRUGS & PHARMACEUTICALS LTD

Report on the Audit of the Financial Statements

We have audited the Financial Statements of **AAREY DRUGS & PHARMACEUTICALS LTD** ("the Company"), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a Summary of Significant Accounting Policies and Other Explanatory Information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and profit/loss, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

1. We draw attention to Note 3.1 of the Financial Statements submitted to the stock exchange, which states that the Company has added Plant and Machinery in its Fixed Asset Schedule that is not in the state to be used as on Balance sheet date. Therefore, depreciation has not been charged upon the same. The Depreciation on the same would be charged from the day such Plant and Machinery is completely installed and will be available to use to the Company. The Management has verified the same and provided



information and explanation to us in relation to the same and we have relied on the said information and representation.

2. We draw your attention to Note 37 of Balance sheet which states that Closing Balances are relied upon as per books of accounts wherever the confirmations from debtors, creditors, Loans and Advances are not available. Debtors and Creditors Balances are subject to Confirmation. Debtors & Creditors Balances are as per Management representation and relied upon by the auditors.

Our opinion is not modified in respect to the said matter.

KEY AUDIT MATTERS

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

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

PARTICULARS	AUDITOR'S RESPONSE
<p>1. Statutory liabilities</p> <p>The Company has various tax litigations pending before various authorities, the outcomes of which are material but not practicable for the Company to estimate the timings of cash outflows.</p>	<p>For legal, regulatory and tax matters our procedures included examining external legal opinions obtained by management; meeting with regional and local management and examining relevant Group correspondence; discussing litigations with the Company's legal counsel and tax head; assessing management's conclusions through understanding precedents set in similar cases; and circularization, where appropriate, of confirmations to third party legal representatives regarding certain material cases.</p> <p>We also involved our internal tax specialists to gain an understanding and to determine the level of exposure for tax</p>



	<p>litigations of the Company.</p> <p>In light of the above, we examined the level of provisions recorded in financial statements.</p>
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RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material



misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Motilal & Associates LLP

(Formerly Known as Motilal & Associates)

Chartered Accountants

ICAI FRN : 106584W/W100751

M H Jain

Partner

Mem. No. 036811

Place : Mumbai

Date : 30th May 2022

UDIN : 22036811AKSKTF9844



ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

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

- (i)
 - a)
 - (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - (B) The Company does not have any Intangible assets therefore maintenance of its records is not required.
 - b) The Company has a regular programme for physical verification of its Property, Plant and equipment by which its Property, Plant and equipment are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its Property, Plant and equipment. According to the information and explanations given to us, no material discrepancies were noticed on verification of the Property, Plant and equipment.
 - c) According to the information and explanations given to us, the title deeds of all the immovable properties included in financial statements are held in the name of the Company.
 - d) The Company has not revalued its Property, Plant and its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Therefore, reporting under the said clause is not required.
 - e) According to the information and explanations given to us, there are no proceedings initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii)
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the year and the coverage and procedure of such verification done by the management is appropriate. No material discrepancies of 10% or more in the aggregate for each class of inventory were noticed during such physical verification.



- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limit in excess of 5 crore rupees in aggregate, from banks or financial institutions on the basis of security of current assets. There is no difference between quarterly statements filed with banks and books of accounts.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans, to various companies, firms, and other parties.
- (a)
- a. According to the information and explanations given to us the Company does not have any subsidiaries, joint ventures and associates hence not commented upon.
- b. The aggregate amount during the year amounts to Rs 12,60,86,300./- and balance outstanding at the balance sheet date amounts to Rs. 3,99,85,900 /- with respect to such loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates.
- (b) According to information and explanations given to us and based on the audit procedures performed by us, the terms and conditions of the loans granted to the Parties is interest free however, they are prejudicial to the company's interest as loan amount is material. The company has provided loans to independent director (Chetan K Mehta) of Rs. 1,23,48,000 without interest and loan of to Worth Investment and Trading Co Ltd without interest.
- (c) No schedule of repayment of principal and payment of interest has been stipulated. Therefore we cannot comment on the same.
- (d) The amount is not overdue for more than 90 days since it is repayable on Demand.
- (e) According to information and explanation and reasons given to us there are no such loans which are renewed or extended during the year and there are no fresh loans granted to settle the overdues of existing loans given to the same parties
- (f) According to information and explanation and reasons given to us , the company has granted loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment of amount aggregating to Rs 12,60,86,300/-



Particulars	Promoters	Related Parties	Others
Aggregate amount of loans /advances in nature of loans - Repayable on demand	90,21,133 /-	8,98,83,867 /-	2,71,82,000/-
Percentage of loans / advances in nature of loans to the total loans	7.22 %	71.29 %	21.56%

- (iv) In our opinion and according to the information and explanations given to us, the Company has not complied with the provisions of Section 185 and section 186 of the Companies Act in respect of grant of loans, making investment and providing guarantees and securities, as applicable.

Particulars	Name of Company/Party	Amount Involved	Balance as at balance sheet date
Pursuant to Section 185 of the Companies act, 2013, a Company cannot provide loans to Directors other than Managing or Whole - time director and relatives of such Directors.	Anil Mandal	50,000	36,000
	Bina Ghatalia	21,01,170	0
	Mira Ghatalia	8,29,244	0
	Rajesh Ghatalia	5,00,000	0
	Chetan Mehta	1,23,48,000	1,23,48,000
Pursuant to Section 185 a Company cannot provide loans to any Private company of which any director of the Company is a director or member, prior to passing of a special resolution in general meeting	Nimit Impex Pvt Ltd	3,72,294	0
	Enam Organics India Pvt Limited	7,59,72,945	0
	Suraj Tradelink Pvt Ltd	6,39,928	0

- (v) According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any deemed deposits as at 31st March, 2022 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.



- (vi) As per the information and explanation given to us, the maintenance of cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the Company and hence not commented upon.
- (vii)
- a) The Company has generally been regular in depositing undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales-tax, Service Tax, Customs duty, Excise duty, Value Added Tax, cess and any other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales tax, Service Tax, Customs duty, Excise duty, Value Added Tax, cess and any other material statutory dues in arrears, as at March 31, 2022 for a period of more than six months from the date they became payable except for the following:

Name of the statute	Nature of Dues	Amount	Period to which amount relates	Due date	Date of payment
Income tax act,1961	Outstanding demand u/s 143(1) (####)	96,13,250	AY 2021-22	Various Dates	Unpaid till date
Income tax act,1961	Outstanding demand u/s 143(1)	1,60,54,730	AY 2020-21	Various Dates	Unpaid till date
Income tax act,1961	Outstanding demand u/s 143(1)	1,64,90,590	AY 2019-20	Various Dates	Unpaid till date
Income tax act,1961	Outstanding demand u/s 143(1)	1,55,75,020	AY 2018-19	Various Dates	Unpaid till date
Income tax act,1961	Outstanding demand u/s 154	10,61,340	AY 2017-18	Various Dates	Unpaid till date
Income tax act,1961	Outstanding demand u/s 154	1,02,760	AY 2016-17	Various Dates	Unpaid till date
Income tax act,1961	Outstanding demand u/s 147	57,60,507	AY 2013-14	Various Dates	Unpaid till date
Income tax act,1961	Outstanding demand u/s 147	15,60,633	AY 2011-12	Various Dates	Unpaid till date
Income tax act,1961	Outstanding demand u/s 115 WE	25,495	AY 2009-10	Various Dates	Unpaid till date
Income tax	Outstanding demand	8,94,548	AY 2008-09	Various Dates	Unpaid till



act,1961	u/s 143(1)				date
Income tax act,1961	Outstanding demand u/s 271(1)(c)	1,21,298	AY 2002-03	Various Dates	Unpaid till date
Income tax act,1961	Outstanding demand u/s 271(1)(c)	9,63,418	AY 2001-02	Various Dates	Unpaid till date
Income tax act,1961	Outstanding demand u/s 271(1)(c)	49,07,175	AY 2000-01	Various Dates	Unpaid till date
Income tax act,1961	Interest/Late fee for TDS /TCS	2,21,660	Several years	Various Dates	Unpaid till date

Name of the Statute	Nature of dues under section	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	154	67,40,220 /- *	AY 2007 – 08	CIT (A)
	143(3)	30,67,474 /- **	AY 2008 -09	Income Tax Tribunal
	143(3)	87,77,290 /- ***	AY 2009 -10	Income Tax Tribunal
	271(1)(c)	17,68,965(**##)	AY 2009-10	CIT (A)
	271(1)(c)	19,54,180(**###)	AY 2008-09	CIT (A)
	143(3)	51,32,990 /- (**#)	AY 2015 – 16	CIT (A)

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

Note:

(*) The company has Filed appeal against the Order with 1st Appellate Authority.

(**) ITAT Order Passed, but review filed with ITAT. Department has filed appeal against the Tribunal order with High Court. Dues details not available since Order giving effect to Tribunal order not yet received by the Company.

(***) ITAT Order Passed, but review filed with ITAT. Department has filed appeal against the Tribunal order with High Court. Dues details not available since Order giving effect to Tribunal order not yet received by the Company.



*(**#) The company had appealed against the order with 1st Appellate Authority.*

*(**##)The company has appealed against the demand of Rs.17,68,965 in CIT(A) on 14/5/2022 hearing of which is yet to be done .*

*(**###)The company has appealed against the demand of Rs. 19,54,180 in CIT(A) on 14/5/2022 hearing of which is yet to be done.*

(####) The company has not paid self-assessment tax for FY 2020-21 of Rs 96,13,250. Hence demand is raised by CPC of 96,13,250/-

(viii) According to the information and explanations given to us no transactions were found that were not recorded in the books of account but have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix)

(a) According to the information and explanations given to us and based on the audit procedures performed by us the company has not defaulted in repayment of any loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, the company is not a declared wilful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations given to us and based on the audit procedures performed by us, the term loans were applied for the purpose for which the loans were obtained only.

(d) According to the information and explanations given to us and based on the audit procedures performed by us, no instances were found where the funds raised on short term basis have been utilised for long term purposes.

(e) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company and hence, not commented upon.



- (f) The Company does not any have any subsidiaries, associates or joint ventures. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company and hence, not commented upon.
- (x)
- (a) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable to the Company and hence, not commented upon.
- (b) The company has made preferential allotment during the year. The requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which they were raised.
- (xi)
- (a) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) To the best of our knowledge and according to the information and explanations given to us no whistle-blower complaints, have been received during the year by the company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Consequently, provisions of clause 3(xii) of the Order are not applicable to the Company and hence, not commented upon.
- (xiii) In our opinion and according to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of related party transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- (xiv)
- (a) The Company has an internal audit system in place which is sufficient with respect to its size and nature of the business.



- (b) The reports of the Internal Auditors for the period under audit were considered and no material observations were found in it.
- (xv) According to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi)
- (a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) According to the information and explanations given to us, the company has not conducted any Non-Banking Financial or Housing Finance activities during the period under review.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) The Company is not part of any group of companies therefore provisions of Paragraph 3(xvi)(d) is not applicable to the Company and hence not commented upon.
- (xvii) The Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year. Hence, this clause is not applicable
- (xviii) There has been no resignation of the statutory auditors during the year under review.
- (xix) On the basis of information and explanations given to us and on basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- (xx)
- (a) On the basis of information and explanations given to us, the Company does not have any unspent amount, hence not transferred any unspent amount to a Fund specified in



Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

(b) On the basis of information and explanation given to us there is no amount remaining unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with provision of sub section (6) of section 135 of the said Act.

(xxi) The Company does not have any subsidiaries therefore reporting under Paragraph 3(xx) is not applicable to the Company and hence not commented upon.

For Motilal & Associates LLP

(Formerly Known as Motilal & Associates)

Chartered Accountants

ICAI FRN : 106584W/W100751

M H Jain

Partner

Mem. No. 036811

Place : Mumbai

Date : 30th May 2022



ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

We have audited the internal financial controls over financial reporting of AAREY DRUGS & PHARMACEUTICALS LTD (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR’S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness



exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022 based on the internal control over financial reporting criteria



established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Motilal & Associates LLP

(Formerly Known as Motilal & Associates)

Chartered Accountants

ICAI FRN : 106584W/W100751

M H Jain

Partner

Mem. No. 036811

Place : Mumbai

Date : 30th May, 2022



Notes To Accounts

1. Company Overview

Aarey Drugs & Pharmaceuticals Ltd (“the Company”) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act 1956. The registered office of the Company is located at 107, Sahakar Bhavan, 340/348, Narshi Natha Street, Masjid, Mumbai 400009, Maharashtra. The Company is listed on the Bombay Stock Exchange (BSE).

2. Significant accounting policies

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

2.1. Compliance with Indian Accounting Standards

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

For all periods up to and including the year ended 31 March 2022, the Company has prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (“Previous GAAP”).

2.2. Basis of Preparation and Presentation

Historical cost convention

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

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

Functional and Presentation Currency

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

Classification of Assets and Liabilities into Current/Non-Current

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



An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

2.3. Use of Estimates

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

2.4. Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues,



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

2.5. Property, Plant and Equipment (PPE)

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

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

2.6. Intangible Assets

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

2.7. Impairment of Assets

i. Financial Assets

The Company recognizes loss allowances using the expected credit losses (ECL) model for the financial assets which are not fair valued through statement of profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the



12-month ECL, unless there has been a significant increase in credit risk from initial recognition in such case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit and loss.

ii. Non-Financial Assets

Intangible Assets and Property, Plant and Equipment

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

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

iii. Share Capital

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

2.8. Financial Instruments

i. Investments and other financial assets

Initial recognition and measurement

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at



fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

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

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

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

Equity investments

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

Derecognition

A financial asset is derecognised only when:

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



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

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

Offsetting Financial instruments

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

ii. Financial Liabilities

Classification as debt or equity

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

Initial recognition and measurement

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

Subsequent measurement

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

Borrowings: Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit and loss over the period of the



borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. They are subject to confirmation and reconciliation and consequential adjustments, if any.

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

Derecognition

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

iii. Share Capital

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

2.9. Revenue recognition

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

Revenue from sales of goods

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



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

Revenue from Contract Income

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

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

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

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

Other Revenue is recognized as follow:

i. Finance Income:

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

ii. Dividend

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the



dividend will flow to the Company, and the amount of the dividend can be measured reliably.

2.10. Inventories

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

Raw materials ,consumable stores and spares are valued at cost price . The cost shall comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Work in progress are valued at lower of cost and NRV have been valued at lower of cost and net realisable value. The cost of Work in progress shall comprise all costs incurred for production upto 31st March 2022 .

The company uses Weighted average basis for valuation of stock of finished goods and traded goods and FIFO basis for valuation of Raw materials.

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

2.11. Cash and Cash equivalents

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

2.12. Income Tax

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



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

2.13. Employee Benefit Expense

Short-term / long term obligations

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

Defined contribution plan

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

2.14. Provisions, contingent liabilities and contingent assets

Provision

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

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

Contingent liabilities



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

The Company has various tax litigations pending before various authorities, the outcome of which are material but not practicable for the Company to estimate the timings of cash outflows. The total amount of Contingent Liability as on 31st March 2022 is Rs. 16,11,15,379 /- .

Contingent Assets

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

2.15. Earning per share

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

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

2.16. Cash Flow statement

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

2.17. Foreign Currency Transactions

Functional Currency

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

Transactions and Translations

in a foreign currency and measured at fair value are translated at the Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses



resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. The monetary items such as debtors and creditors are valued at closing rate on 31st march 2022 at the rate of Rs 75.8071 per dollar .

2.18. Leases

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

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



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

The accompanying notes are an integral part of the financial statements.

For Motilal & Associates LLP.
Directors
(Formerly Known as Motilal & Associates)
Limited
Chartered Accountants
ICAI FRN : 106584W/W100751

For and on Behalf of the Board of
For Aarey Drugs And Pharmaceuticals

CIN: L99999MH1990PLC056538

M H Jain
Partner
Mem. No. 036811
Place : Mumbai
Date :30th May 2022

Mihir Rajesh Ghatalia
Managing Director
DIN:00581005

Nimit R. Ghatalia
Director
DIN: 07069841



AAREY DRUGS & PHARMACEUTICALS LIMITED
ANNUAL REPORT 2021-22

Aarey Drugs and Pharmaceuticals Limited Balance Sheet as at 31st March 2022			
(Amount in Rupees)			
Particulars	Note No.	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	144,665,905	142,581,479
(b) Financial Assets			
(i) Investments	4	4,000,000	4,000,000
(ii) Loans and Advances	5	39,785,900	-
Current assets			
(a) Inventories	6	136,839,152	184,606,301
(b) Financial Assets			
(i) Trade receivables	7	1,362,829,862	1,620,123,205
(ii) Cash and cash equivalents	8	1,919,104	6,497,095
(iii) Loans	9	200,000	200,000
(iv) Other financial assets	10	75,068,200	64,935,331
(c) Other current assets	11	686,380,048	307,413,284
Total Assets		2,451,688,171	2,330,356,695
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	12	253,846,840	233,846,840
(b) Other Equity	13	882,525,748	754,757,780
Liabilities			
Non-current liabilities			
(a) Provisions	14	-	18,080,479
(b) Deferred tax liabilities (Net)	15	14,554,071	15,632,324
Current liabilities			
(a) Financial Liabilities		-	-
(i) Borrowings	16	141,624,855	180,171,981
(ii) Trade Payables:-	17		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,096,614,787	1,103,398,547
(b) Other financial liabilities	18	47,263	6,560,858
(c) Other current liabilities	19	10,211,523	1,267,887
(d) Provisions	20	26,192,671	-
(e) Current Tax Liabilities (Net)	21	26,070,412	16,640,000
Total Equity and Liabilities		2,451,688,171	2,330,356,695
See accompanying notes forming Part of Financial Statement		2	
For Motilal and Associates LLP <i>(Formerly Known as Motilal & Associates)</i> Chartered Accountants ICAI FRN : 106584W/W100751		For Aarey Drugs and Pharmaceuticals Limited <i>(CIN : L99999MH1990PLC056538)</i>	
Motilal Jain <i>Partner</i> Membership No. 036811		Nimit R Ghatalia <i>Director</i> DIN: 07069841	Mihir R Ghatalia <i>Managing Director</i> DIN: 00581005
Date : 30th May, 2022 Place : Mumbai		Mira M Ghatalia <i>CFO</i>	Preeti Rathi <i>CS</i>



AAREY DRUGS & PHARMACEUTICALS LIMITED
ANNUAL REPORT 2021-22

Aarey Drugs and Pharmaceuticals Limited			
Statement of Profit and Loss for the year ended 31st March 2022			
(Amount in Rupees)			
Particulars	Note No.	As at 31st March 2022	As at 31st March 2021
Revenue From operations	23	4,926,799,517	3,484,164,149
Other Income	24	27,475,907	70,146,289
Total Income		4,954,275,424	3,554,310,438
Expenses			
Cost of materials consumed		-	-
Purchases of Stock-in-Trade	25	4,672,882,334	3,392,548,407
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	26	47,767,149	(14,646,032)
Employee benefits expense	27	9,750,412	3,955,266
Finance costs	28	20,000,585	24,315,910
Depreciation and amortization expenses	3	19,882,698	9,204,218
Other expenses	29	83,721,429	55,918,874
Total expenses		4,854,004,607	3,471,296,643
Profit/(loss) before exceptional items and tax		100,270,817	83,013,795
Exceptional Items		-	-
Profit/ (loss) before exceptions items and tax		100,270,817	83,013,795
Tax Expenses			
Short/(excess) provision for earlier years		9,830,688	-
Current Tax		26,070,412	16,640,000
Deferred Tax		(1,078,252)	1,230,735
Profit (Loss) for the period from continuing operations		65,447,968	65,143,060
Profit/(loss) from discontinued operations		-	-
Tax expenses of discontinued operations		-	-
Profit/(loss) from Discontinued operations (after tax)		-	-
Profit/(loss) for the period		65,447,968	65,143,060
Other Comprehensive Income			
Items that will not be reclassified to profit or loss		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the period Comprising Profit (Loss) and Other comprehensive Income for the period		65,447,968	65,143,060
Earnings per equity share (for discontinued operation)	41		
Basic		-	-
Diluted		-	-
Earning per equity share (for discontinued & continuing operation)			
Basic		2.72	2.79
Diluted		2.72	2.79
See accompanying notes forming Part of Financial Statement	2		
For Motilal and Associates LLP (Formerly Known as Motilal & Associates) Chartered Accountants ICAI FRN : 106584W/W100751		For Aarey Drugs and Pharmaceuticals Limited (CIN : L99999MH1990PLC056538)	
Motilal Jain Partner Membership No. 036811		Nimit R Ghatalia Director DIN: 07069841	Mihir R Ghatalia Managing Director DIN: 00581005
Date : 30th May, 2022 Place : Mumbai		Mira M Ghatalia CFO	Preeti Rathi CS



AAREY DRUGS & PHARMACEUTICALS LIMITED
ANNUAL REPORT 2021-22

AAREY DRUGS & PHARMACEUTICALS LIMITED			
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022			
	Particulars	Year ended 31st MARCH,2022	Year ended 31st MARCH,2021
A.	Cash Flow from Operating Activities		
	Net profit before Tax as per Profit & Loss Account	100,270,817	83,013,795
	Adjusted for:		
	Depreciation	19,882,698	9,204,218
	Risght Issue Expense	-	-
	Finance Cost	20,000,585	24,315,910
	Operating Profit before Working Capital Changes	140,154,100	116,533,923
	Adjusted for:		
	(Increase)/ Decrease in Inventories	47,767,149	(14,646,033)
	(Increase)/ Decrease in Trade receivables	257,293,342	(658,790,427)
	(Increase)/ Decrease in Other Current FinancialAssets	(10,132,869)	(18,502,556)
	(Increase)/ Decrease in Investments	-	400,000
	Increase/ (Decrease) in Provision (non-current)	(18,080,479)	8,148,499
	Increase/ (Decrease) in Provision (current)	26,192,671	-
	Increase/ (Decrease) in current tax liabilities	9,430,412	-
	Increase/ (Decrease) in Trade Payables	(6,783,760)	325,901,794
	Increase/ (Decrease) in Short Term Borrowings	(38,547,125)	1,487,634
	Increase/ (Decrease) in Other Current Liabilities	8,943,636	1,117,887
	(Increase)/ Decrease in Loans (non-current)	(39,785,900)	-
	(Increase)/ Decrease in Other Current assets	(378,966,764)	323,073,264
	Increase/ (Decrease) in Other financial liabilities	(6,513,595)	(13,314,093)
	Less: Taxes Paid	(9,029,180)	71,409,890
	Cash Flow from Operating Activities (A)	(44,930,280)	54,769,890
B.	Cash Flow from Investing Activities		
	Purchase of Fixed Assets	(22,013,011)	(28,792,877)
	Sale of F.A.	45,887	-
	Net Cash used in Investing Activities (B)	(21,967,124)	(28,792,877)
C.	Cash Flow from Financing Activities		
	Issue of Equity share Capital		
	Repayment/Received of long term loans & advances	-	(191,178)
	Preferential issue of equity shares	82,320,000	-
	Finance Cost	(20,000,585)	(24,315,910)
	Net Cash used in Financing Activities (C)	62,319,415	(24,507,088)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(4,577,990)	1,469,925
	Opening Balance of Cash and Cash Equivalents	6,497,095	5,027,171
	Closing Balance of Cash and Cash Equivalents	1,919,104	6,497,095
Notes:			
1 The above Cash flow Statement has been prepared under the "Indirect Method" set out in Ind AS-7 on Statement of Cash			
2 Previous year figures have been reclassified to confirm with current Year's presentation, wherever applicable.			
3 This is the cashflows Statement referred to in our report of even date.			
For Motilal and Associates LLP		For Aarey Drugs and Pharmaceuticals Limited	
<i>(Formerly Known as Motilal & Associates)</i>		<i>(CIN : L99999MH1990PLC056538)</i>	
Chartered Accountants			
ICAI FRN : 106584W/W100751			
Motilal Jain	Nimit R Ghatalia	Mihir R Ghatalia	
<i>Partner</i>	<i>Director</i>	<i>Managing Director</i>	
Membership No. 036811	DIN: 07069841	DIN: 00581005	
Date : 30th May, 2022	Mira M Ghatalia	Preeti Rathi	
Place : Mumbai	<i>CFO</i>	<i>CS</i>	



Equity Share Capital

For the year ended 31 March 2022

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
233,846,840	-	233,846,840	20,000,000	253,846,840

For the year ended 31 March 2021

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
233,846,840	-	233,846,840	-	233,846,840



Property, Plant and Equipment											
Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Computer	Electronic Equipments	Laboratory Equipment	Cell Phones	Motor car	Office Premises and Air Condition	Total
Gross Carrying Amount 31 March 2021											
Opening Gross Carrying Amount	2,243,546	30,006,861	249,207,054	3,926,461	1,218,258	1,192,374	147,768	101,610	2,245,607	9,002,596	299,292,136
Additions	1,549,500	-	19,958,498	38,362	29,173	218,750	-	218,728	-	-	22,013,011
Deductions	-	-	45,887	-	-	-	-	-	-	-	45,887
Closing gross carrying amount	3,793,046	30,006,861	269,119,666	3,964,823	1,247,431	1,411,124	147,768	320,338	2,245,607	9,002,596	321,259,260
Accumulated Depreciation											
Opening Accumulated Depreciation	226,620	24,743,829	118,791,075	2,024,707	859,031	835,200	132,103	18,395	1,829,370	7,250,327	156,710,657
Depreciation charged during the year	-	499,988	17,560,509	500,126	241,271	134,677	-	26,389	129,991	789,748	19,882,698
Closing Accumulated Depreciation	226,620	25,243,817	136,351,584	2,524,833	1,100,302	969,877	132,103	44,784	1,959,361	8,040,075	176,593,355
Net carrying amount 31 March 2022	3,566,426	4,763,044	132,768,082	1,439,991	147,129	441,247	15,665	275,554	286,246	962,521	144,665,905
Net carrying amount 31 March 2021	2,016,926	5,263,032	130,415,979	1,901,754	359,227	357,174	15,665	83,215	416,237	1,752,269	142,581,479

NOTES

The Company has added Plant and machinery in its fixed asset Schedule that is not in the state to be used on balance sheet date .Therefore depreciation is not charged upon the same. The Depreciation on the same would be charged from the day such Plant and Machinery is completely installed and will be available to use to the Company

During the year the Company has not revalued its Property, Plant and equipment



Schedule forming part of Balance Sheet as at 31st March, 2022

Note 4 : Investments

Particulars	As at 31st March, 2022	As at 31st March, 2021
Shares of Transmedia Software Ltd (unquoted investments carried at cost)	4,000,000	4,000,000
Total	4,000,000	4,000,000

Note 5 : Loans and Advances (Non - Current assets)

Particulars	As at 31st March, 2022	As at 31st March, 2021
loans to related parties	12,384,000.00	-
loans to other parties	27,401,900	-
Total	39,785,900	-

5.1 Particulars	As at 31st March 2022	As at 31st March 2021
(a) Loans Receivables considered good - Secured	-	-
(b) Loans Receivables considered good - Unsecured	39,785,900	-
(c) Loans Receivables which have significant increase in Credit Risk	-	-
(d) Loans Receivables - credit impaired	-	-
Total	39,785,900	-

5.2 Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are :

- (a) Repayable on demand or
- (b) without specifying any terms or period of repayment

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Directors	12,384,000	31.13%

Particulars	As at 31st March, 2022	As at 31st March, 2021
Raw materials	49,195,827	40,240,553
Work-in-progress	2,558,100	5,319,559
Finished goods	35,744,437	26,747,802
Stock-in-trade (in respect of goods acquired for trading)	49,340,788	112,298,387
Total	136,839,152	184,606,301



Note : The raw materials have been valued on FIFO basis and stock-in-trade and finished goods have been valued on weighted average basis

Note 7 : Trade Receivables

Particulars	As at 31st March 2022	As at 31st March, 2021
Trade Receivables	1,362,829,862	1,620,123,205
Total	1,362,829,862	1,620,123,205

Note: The Company does not expects any credit loss based on the past experience hence provision for exchange credit loss is not made.

7.1	Particulars	As at 31st March 2022	As at 31st March 2021
	Trade Receivables considered good - Secured	-	-
	Trade Receivables considered good - Unsecured	1,362,829,862.27	1,620,123,204.76
	Trade Receivables which have significant increase in Credit Risk; and	-	-
	Trade Receivables - credit impaired.	-	-
	Total	1,362,829,862	1,620,123,205

Trade Receivables ageing schedule

	Outstanding for following periods from due date of payment			Total
	Less than 6 months	6 months - 1 year	More than 3 years	
Undisputed Trade receivables — considered good	1,144,621,631	209,344,869	-	1,353,966,500

Note 8 : Cash and Cash Equivalents

Particulars	As at 31st March 2022	As at 31st March, 2021
Cash Balance	1,579,461	129,949
Bank balance with current a/c	339,643	6,367,146
Total	1,919,104	6,497,095

Note 9 : Loans (Current assets)

Particulars	As at 31st March 2022	As at 31st March, 2021
Loans to related parties	-	-
Other parties	200,000	200,000
Total	200,000	200,000



9.1 Particulars	As at 31st March 2022	As at 31st March, 2021
Loans Receivables considered good - Secured	-	-
Loans Receivables considered good - Unsecured	200,000	200,000
Loans Receivables which have significant increase in Credit Risk	-	-
Loans Receivables - credit impaired.	-	-
Total	200,000	200,000

Note 10 : Other financial assets

Particulars	As at 31st March 2022	As at 31st March, 2021
Security Deposits	3,524,145	3,524,145
Margin money for LC opening with BOB	23,969,055	84,343
Statutory Deposits	47,575,000	27,723,933
others deposits	-	33,554,097
deposits to related parties	-	48,813
Total	75,068,200	64,935,331

Note 11 : Other Current Assets

Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance to suppliers for Goods	424,323,715	284,665,530
Advance towards Expenses	54,714,877	22,483,754
Misc Expenditure not yet written off	264,620	264,000
GST Receivables	-	-
MVAT Refundable	1,031,844	-
Income tax Paid under protest (Appeal Deposit)	4,671,000	-
The Commissioner of Customs	282,789	-
DEPB- duty entitlement	95,572	-
Sales Tax- Paid	13,941,295	-
Excise/Custom Duty Receivable	272,035	-
Other Advances to creditors	181,939,992	-
TDS/TCS receivable	4,842,308	-
Total	686,380,048	307,413,284



Note 12 Equity Share Capital				
Particulars	As at 31 March 2022		As at 31 March 2021	
	No of Shares	Amount	No of Shares	Amount
Authorised Share Capital : 25,500,000 (P.Y. 25,000,000) Equity Shares of Rs. 10/- each	25,500,000	255,000,000	25,000,000	250,000,000
Issued, subscribed and fully paid, and subscribed but not fully paid; 2,53,84,684 (P.Y. 2,33,84,684) Equity Shares of Rs. 10/- each fully paid up	25,384,684	253,846,840	23,384,684	233,846,840
Terms / Rights attached to equity				
The Company has only one class of equity share having par value of Rs 10 per share. Each holder of equity share is entitled to one vote per share held. All the equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities in proportion to their shareholding.				
Details of shareholders having more than 5% of the total equity shares of the Company				
Class of shares/Name of shareholder	As at 31st March 2022		As at 31st March 2021	
	No of Shares	% Held	No of Shares	% Held
Mihir Rajesh Ghatalia	2,835,888	11.17	2,835,888	12.13
Suraj Tradelinks Private Limited	2,010,000	7.92	1,960,000	8.38
Nimit Impex Private Limited	2,010,000	7.92	1,960,000	8.38
Bina Rajesh Ghatalia	3,503,584	13.80	3,350,834	14.33
Total	10,359,472	40.81	10,106,722	43.22
A reconciliation of the number of shares outstanding at the beginning and at the end of the period:				
Particulars	As at 31st March 2022		As at 31st March 2021	
	No of Shares	Amount	No of Shares	Amount
Outstanding at the beginning of the year	23,384,684	233,846,840	23,384,684	233,846,840
Add: Fresh Issue	2,000,000	20,000,000	-	-
Outstanding at the end of the year	25,384,684	253,846,840	23,384,684	233,846,840
Details of Shareholding of Promoters and Promoter Group				
SI No	Promoter Name	No. of Shares	% of total shares	% Change during the year
1	Bina Rajesh Ghatalia	35,03,584	13.8	-0.53
2	Mihir Rajesh Ghatalia	28,35,888	11.17	-0.96
3	Nimit Rajesh Ghatalia	11,50,000	4.53	0.25
4	Mira Mihir Ghatalia	6,90,000	2.72	0.84
5	Rajesh Pranlal Ghatalia	1,591	0.01	0
6	Nimit Impex Private Limited	2,010,000	7.92	-0.46
7	Suraj Tradelinks Private Limited	2,010,000	7.92	-0.46



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Note 13 Other Equity									
For the year ended 31st March 2022									
	Share applicati on money pending allotmen t	Equity component of compound financial instruments	Reserves and Surplus				Money received against share warrants	Total	
			Capital Reserve Total	Securities Premium	Other Reserves (specify nature)	Retained Earnings			
Balance at the beginning of the current reporting period	-	-	2,000,000	348,522,047	-	381,085,733	23,150,000	754,757,780	
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	
Restated balance at the beginning of the current reporting period	-	-	2,000,000	348,522,047	-	381,085,733	23,150,000	754,757,780	
Total Comprehensive Income for the current year	-	-	-	-	-	65,447,968	-	65,447,968	
Security premium on Preferential allotment done during the year	-	-	-	62,320,000	-	-	-	62,320,000	
Balance at the end of the current reporting period	-	-	2,000,000	410,842,047	-	446,533,701	23,150,000	882,525,748	

For the year ended 31st March 2021									
	Share applicati on money pending allotmen t	Equity component of compound financial instruments	Reserves and Surplus				Money received against share warrants	Total	
			Capital Total Reserve	Securities Premium	Other Reserves (specify nature)	Retained Earnings			
Balance at the beginning of the current reporting period	-	-	2,000,000	348,522,047	-	315,942,673	23,150,000	689,614,720	
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	
Restated balance at the beginning of the current reporting period	-	-	2,000,000	348,522,047	-	315,942,673	23,150,000	689,614,720	
Total Comprehensive Income for the current year	-	-	-	-	-	65,143,060	-	65,143,060	
Balance at the end of the current reporting period	-	-	2,000,000	348,522,047	-	381,085,733	23,150,000	754,757,780	



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Note 14 : Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for Income Tax	-	18,080,479
Total	-	18,080,479

Note 15 : Deferred tax liabilities (Net)

Particulars	As at 31 March 2022	As at 31 March 2021
Closing WDV as per Companies Act	144,665,905	82,457,156
Closing WDV as per Income tax Act	88,688,704	142,581,479
Difference	55,977,201	60,124,323
Tax @ 26%	14,554,072	15,632,324
Opening Deferred Tax Liabilities	15,632,324	-
Add: Amount to be provided during the year	(1,078,252)	(15,632,324)
Closing Deferred Tax Assets	14,554,072	15,632,324

Note 16 : Borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings		
Loans repayable on demand		
from bank	137,624,855	174,675,200
Other parties	4,000,000	-
Deposits	-	293,414
Other loans	-	5,203,367
Total	141,624,855	180,171,981

16.1 Details regarding secured and unsecured loans

Particulars	As at 31 March 2022	As at 31 March 2021
Secured loans		
Cash credit account With Bank of Baroda (Hypothecation of stock of raw materials, WIP, Finished goods, Stores and spares , Packing Materials, Plant and Machinery and Book Debts)	102,717,241	160,170,590
Collateral securities		
1) Residential flat owned by Damyanti Ghatalia (relative of director)		
2) Plant and machineries including equipments		
3) Land and storage tanks owned by Enam Organics Ltd in Thane		
Working capital loan with Bank of baroda (Secured with first charge on asset financed under the scheme)	33,400,000	
Margin money with saraswat bank	421,275	421,275
Secured demand loan with Bank of Baroda-0761 (exclusive hypothecation of entire current assets including stock and debtors)	1,086,339	14,083,335



Collateral securities		
1) Residential flat owned by Damyanti Ghatalia (relative of director)		
2) Plant and machineries including equipmnets and building		
3) Land and storage tanks owned by Emam Organics Ltd in Thane		
Secured Loans Total	137,624,855	174,675,200
Unsecured loans Total	4,000,000	5,203,367
TOTAL	141,624,855	179,878,567

16.2 Loans guaranteed by directors or other related parties

Particulars	As at 31 March 2022	As at 31 March 2021
Cash credit account With Bank of Baroda (Hypothecation of stock of raw materials, WIP, Finished goods, Stores and spares , Packing Materials, Plant and Machinery and Book Debts)	102,717,241	160,170,590
Secured demand loan with Bank of Baroda (exclusive hypothecation of entire current assets including stockk and debtors)	1,086,339	14,083,335
Personal Guarentee for the following loans is provided by		
1) Mihir Ghatalia (Managing Director)		
2)Chetan K Mehta (Independent Director)		
3)Damyanti Ghatalia (Relative of Director)		
4)M/s Enam Organics India Limited (Entity in which directors are substantially interested)		
Total	103,803,580	174,253,925

Note 17 : Trade Payables

Particulars	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,096,614,787	1,103,398,547
Total	1,096,614,787	1,103,398,547



Trade Payables ageing schedule

	Outstanding for following periods from due date of payment					Total
	Less than 1 year	1-2 years	2-3 years	2-3 years	More than 3 years	
i) MSME	-	-	-	-	-	-
ii) Others	1,096,521,919	92,868	-	-	-	1,096,614,787
iii) Disputed Dues- MSME	-	-	-	-	-	-
iv) Disputed Dues- Others	-	-	-	-	-	-

Unbilled dues shall be disclosed separately

Note 18 : Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Dividend Payable	47,263	47,847
Provision for expenses	-	5,249,961
Employees Profession tax payable	-	7,725
TDS payable	-	317,726
GST Payable	-	937,599
Total	47,263	6,560,858

Note 19 : Other current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
IGST Payable	152,209,477	-
SGST Payable	(43,195,234)	-
CGST payable	(43,195,234)	-
Advance from Debtors	8,863,542	-
TDS/TCS Payable	1,688,531	1,267,887
Employees Profession Tax	12,475	-
GST Payable	559,689	-
GST -Maharashtra	(19,687,842)	-
GST -Gujarat	(2,382,699)	-
IGST -Import duty	(44,661,182)	-
Total	10,211,523	1,267,887

Note 20 : Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for expenses	4,012,362	-
Provision for income tax	22,180,309	-
Total	26,192,671	-



Note 21 : Current Tax Liabilities (Net)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for Income Tax	26,070,412	16,640,000
Less: TDS	-	-
Less: Advance Tax	-	-
Less: Self Assessment Tax	-	-
Total	26,070,412	16,640,000

23 Revenue from operations

Sr No.	Particulars	As at 31 March 2022	As at 31 March 2021
	Sale of goods	4,926,799,517	3,484,164,149
	TOTAL	4,926,799,517	3,484,164,149

24 Other income

Sr No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	Interest Income against trade advances	19,076,953	24,287,607
2	Interest on late payment	198,103	-
3	Interest on custom duty	144,880	-
4	Interest from bank	666,303	-
5	Labour and job work	1,733,307	30,116,538
6	Storage income	3,274,971	1,918,272
7	Custom duty refund	14,038	-
8	Discount Income	25,812	-
9	Commission received	808,112	13,085,400
10	Detention charges	6,000	1,500
11	Cancellation order	-	698,520
12	Profit on sales of other investment	-	-
13	Foreign exchange Gain	1,527,428	38,452
	TOTAL	27,475,907	70,146,289

25 Purchases of Stock-in-Trade

Sr No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	Purchases (Refer Note 35.1)	4,613,457,861	3,359,601,227
2	Direct expenses	59,424,472	32,947,180
	TOTAL	4,672,882,334	3,392,548,407

Note: The Purchases include both the Purchases for raw material and Traded Goods



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26 Changes in inventories of finished goods, Stock-in -Trade and work in-progress

Sr No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	Closing of finished goods	35,744,437	26,747,802
2	Closing of stock-in-trade	49,340,788	112,298,387
3	Closing of work-in-progress	2,558,100	5,319,559
4	Closing stock of material	49,195,827	40,240,553
	Total	136,839,152	184,606,301
5	Opening of finished goods	26,747,802	17,329,179
6	Opening of stock-in-trade	112,298,387	128,882,934
7	Opening of work-in-progress	5,319,559	3,208,675
8	Opening stock of material	40,240,553	9,015,468
9	Others	-	11,524,013
	Total	184,606,301	169,960,270
	TOTAL	47,767,149	(14,646,031)

27 Employee Benefits Expenses

Sr No.	Particulars	As at 31 March 2022	As at 31 March 2021
	Salaries and Wages	5,589,554	1,208,738
	Director Remuneration	900,000	827,100
	Directors perquisites	2,123,738	1,146,342
	Workmens and Staff Welfare Expenses	830,748	380,674
	Bonus	163,465	15,527
	Medical expenses	142,907	3,985
	Gratuity expenses	-	372,900
	TOTAL	9,750,412	3,955,266

28 Finance Costs

Sr No.	Particulars	As at 31 March 2022	As at 31 March 2021
	Processing charges	767,841	1,037,921
	Bank inspection charges	136,200	95,960
	Other Interest (LC discounting charges)	966,538	991,383
	Interest expense (bank interest)	14,953,829	22,190,646
	Interst on covid loan	1,859,253	-
	Other Interest	1,316,924	-
	TOTAL	20,000,585	24,315,910



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29 Other Expenses

Sr No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	Advertisement	26,561	29,128
2	Audit Fees (Refer note 30.1)	214,500	228,000
3	Bad Debts	238,181	-
4	Bank Charges	370,045	-
5	Commission	1,305,644	-
6	Cancellation charges	-	635,000
7	Brokerage and Commission Expenses	13,076,937	16,083,681
8	Listing Fees	2,365,000	300,000
9	Warehouse Charges	1,369,250	470,845
10	Postage & Courier	198,724	40,870
11	Transportation Charges	16,064,492	11,065,581
12	Notary/ Franking & Stamp Paper Charges	166,305	4,358
13	Office Rent	5,322,720	5,322,720
14	Air Conditioner Expenses	273,664	17,700
15	Carriage outward	-	32,940
16	Conveyance Expenses	202,624	40,834
17	Electricity expenses	357,585	28,666
18	Computer Expenses	193,232	61,500
19	Foreign exchange loss	1,136,728	-
20	Telephone Expenses	265,761	113,188
21	Discount Exp	222,816	36,592
22	Bank Inspection charges	-	118,000
23	CSR Expenses	1,627,997	1,212,880
24	Custodial fees	160,000	164,190
25	Legal & Professional Charges	3,918,418	1,407,542
26	MPCB Expense	2,000	-
27	Share transfer and demat expenses	5,000	-
28	Fees, license & subscription	64,687	-
29	Technical services	276,604	-
30	E-Voting charges	13,407	-
31	Motor car expenses	1,310,063	370,366
32	Printing & Stationary Exps.	332,078	98,922
33	Insurance expenses	1,539,429	1,404,219
35	Donation	1,809,000	175,276
36	RTA Expenses	210,106	180,703
37	Miscellaneous Expenses	1,927	28,025
38	Office expenses	582,567	244,020
39	Witten Back / Write Off	194,859	64,296
40	Preferential and QIP Issue Exp	58,137	264,000
41	Filing Fees	54,062	45,625



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42	Festival Celebration Expense	205,335	477,250
43	Car Rent	1,500,000	1,375,000
44	Stamp Duty Expenses	209,150	34,114
45	Storage Exp	4,690,839	4,497,931
46	Excise and Custom Duty	10,702,680	5,279,278
47	Import Expenses	3,126,069	989,997
48	Export Expenses	107,871	40,573
49	Clearing and Forwarding Charges	691,687	297,476
50	Loading and Unloading Exp	882,484	171,110
51	Detention Charges	-	1,500
52	Food and Drugs license	12,000	10,000
53	Rates and Taxes paid or payable to Govt	422,640	39,000
54	Repairs & Maintenance	282,465	203,864
55	Sales promotion including publicity	3,864,221	1,556,126
56	Travelling Expenses	1,466,815	655,987
57	GST- Maharashtra interest and penalty	26,064	-
TOTAL		83,721,429	55,918,875
30	Details of Payment to auditors		
Particulars		As at 31 March 2022	As at 31 March 2021
Payments to the auditor as			
(a) Statutory Auditor		214,500	88,000
(b) Internal Auditor		-	20,000
TOTAL		214,500	108,000



Depreciation as per Income Tax Act for the year ended 31 March 2022										
S. No.	Particulars	Rate of Dep.	WDV AS PER INCOME TAX				Total 31.03.2021	DEP. For the Year 31.03.2022	NET BLOCK	
			Opening 01.04.2021	Addition More than 6 months	Addition Less than 6 months	Deletion during the year			As on 31.03.2022	As on 31.03.2021
1	Factory Building	10%	5,493,034			-	5,493,034	549,303	4,943,731	5,493,034
2	Furniture and Fittings									
	Furniture	10%	3,072,366	38,362		-	3,110,728	311,073	2,799,655	3,072,366
3	Plant and Machinery									
	Computer	40%	538,131	17,202	11,970	-	567,303	224,527	342,776	538,131
	Plant and Machinery	15%	73,477,581	9,029,789	11,320,300	-	93,827,670	13,225,128	80,602,542	73,477,581
						-	-	-	-	
						-	-	-	-	
	TOTAL		82,581,112	9,085,353	11,332,270	-	102,998,735	14,310,031	88,688,704	82,581,112



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Note 31		Financial ratios			
Sr. No	Particulars	31st March 2022	31st March 2021	% Change	Explanations
1	Current Ratio	1.74	1.67	4.22%	N.A
2	Debt-Equity Ratio	0.12	0.18	-31.62%	The Company has undertaken Preferential issue during the year.
3	Debt Service Coverage Ratio	6.01	4.41	36.24%	Due to increase in sales compared to last year by 41.44% due to recovery of economy there was increase in Debt service coverage during the year
4	Inventory turnover Ratio	7.66	4.91	55.98%	Due to increase in sales compared to last year by 41.44% due to recovery of economy there was increase in inventory turnover during the year .
5	Trade Receivables turnover Ratio	0.83	0.67	22.37%	N.A
6	Trade payables turnover Ratio	1.12	0.93	20.89%	N.A
7	Net capital turnover Ratio	5.12	3.98	28.66%	Due to increase in sales by 41.44% there was corresponding increase in working capital
8	Net profit ratio	1.33%	1.87%	-28.95%	Though there was rise in sales but this was offset by increase depreciation & amortisation expense and employee benefit expenses by 116% and 147% respectively further there was short provision of income tax of previous year .
9	Return on Capital employed,	9.41%	9.18%	2.48%	N.A
10	Return on equity	5.76%	6.59%	-12.60%	N.A

Sr no.	Particulars	Numerator	Denominator
1	Current ratio		
	For calculation of current liabilities we have considered , current tax liabilities , other financial liabilities , current borrowings , current tax liabilities and for calculation of current assets we have considered inventories , financial assets and other current assets		
	Current ratio	Current assets	Current Liabilities
2	Debt-equity ratio		
	For calculation of total debt we have considered other non current liabilities, other long term provisions , other current liabilities , other financial liabilities , current borrowings , current tax liabilities and for calculation of total equity we have included other equity and equity share capital.		
	Debt-equity ratio	Borrowings	Total equity
3	Debt service coverage ratio		
	For calculation of Debt service coverage ratio ratio we have considered Earnings for debt service and Debt service payments		
	Debt service coverage ratio	Earnings for debt service	Debt service



4	Inventory Turnover ratio		
	For calculation of inventory turnover ratio we have considered closing stock and opening stock From changes in inventory schedule, revenue from operations from profit and loss account .		
	Inventory Turnover ratio	Turnover	Average inventory
5	Trade receivable turnover ratio		
	For calculation of trade receivable turnover ratio we have considered opening trade receivable and closing trade receivable , revenue from operations from profit and loss account		
	Trade receivable turnover ratio	Turnover	Average Trade receivables
6	Trade payable turnover ratio		
	For calculation of trade payable turnover ratio we have considered opening trade payable and closing trade payables , revenue from operations from profit and loss account		
	Trade payable turnover ratio	Turnover	Average Trade payables
7	Net capital turnover ratio		
	For calculation of net capital turnover ratio we have considered current assets and current liabilities and revenue from operations from profit and loss account		
	Net capital turnover ratio	Turnover	Working Capital
8	Net Profit Ratio		
	For calculation of net profit ratio we have considered Profit after tax and revenue from operations from profit and loss account		
	Net Profit Ratio	Net profit	Turnover
9	Return on capital employed		
	For calculation of return on capital employed ratio we have considered Profit after tax and revenue from operations from profit and loss account .		
	Return on capital employed	EBIT	Total debt + Total equity
10	Return on equity ratio		
	For calculation of return on equity ratio we have considered Profit after tax From statement of profit and loss , equity share capital and other equity		
	Return on equity ratio	Profit after tax	Shareholders equity



Note 32	<u>Corporate social responsibility</u> (a) Amount required to be spent by the company during the year (b) Amount of expenditure incurred (c) Nature of CSR activities The amount was donated to Omkar-Andh Apang Samajik Sanstha which is involved in helping blind and other handicapped persons by conducting cultural activities for them .
Note 33	<u>Details of Crypto Currency or Virtual Currency</u> The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year 2021-22
Note 34	<u>MSME Dues</u> The Company does not have any information to come to the conclusion that the dues outstanding are towards MSME. There is no interest charged on the same.
Note 35	<u>Disclosure of transactions with struckoff companies</u> The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the financial year.
Note 36	<u>Gratuity and leave encashments</u> As certified by the Management there is no obligation in respect of gratuity and leave encashment during the year. The same is relied upon by the Auditor .
Note 37	<u>Debtors and creditors confirmations</u> Balances are relied upon as per books of accounts wherever the confirmations from debtors /creditors /Loans /Advances are not available. Debtors and Creditors Balances are subject to Confirmation. Debtors & Creditors Balances are as per Management Representation and relied upon by the Auditors.
Note 38	<u>Quarterly returns or statements of Current Assets filed by the company with banks</u> The company has filed quarterly statements of current assets with bank for availing overdraft facility which are in agreement with books of accounts of company .



Note 39	<u>Unhedged foreign currency exposure</u> The company has limited foreign currency exposure hence the impact on profit and loss is immaterial .
Note 40	<u>Reclassification of Previous year figures</u> Previous year figures have been regrouped and rearranged wherever necessary to confirm with the current year presentation.
Note 41	<u>Proceedings against the Company</u> No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
Note 42	<u>Wilful defaulter</u> The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority
Note 43	<u>Quarterly Statements filed with Bank</u> The quarterly statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts
Note 43	<u>Utilization of Borrowed Funds</u> The Borrowed Funds from Banks and / or Financial Institutions have been utilized for the purpose for which it were Borrowed.
Note 44	<u>Creation of Charge</u> The Company does not have any pending creation of charge and satisfaction as well as registration with ROC
Note 45	<u>Intermediaries</u> The Company does not have any Intermediaries as on 31st March, 2022



Note 46 Earnings per share			
	Particulars	As at 31 March 2022	As at 31 March 2021
	Net Profit / (loss) after tax for the year (in Rs.)	65,447,968.25	65,143,059.95
	Profit / loss attributable to equity share holders (in Rs.)	65,447,968.25	65,143,059.95
	Weighted Average Number of equity shares outstanding during the year	24,075,095	23,384,684
	Basic and Diluted Earnings Per Share (Rs.)	2.72	2.79
	Face Value per Share (Rs.)	10.00	10.00
	Restated Earnings per share of last year	-	2.71
Note : Basics Earnings Per Share and Diluted Earnings Per Share are same as the Company has no Dilutive Potential Equity Shares.			

Note 47 Financial Risk Management			
The Company has exposure to the following risks arising from financial instruments:			
<ul style="list-style-type: none"> • Credit risk ; • Liquidity risk ; and • Market risk 			
<u>A. Credit risk</u>			
Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables and loans) and from its financing activities (deposits with banks and other financial instruments).			
<u>Credit risk management</u>			
Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.			
The Company's maximum exposure to credit risk as at 31 March, 2022 and 2020 is the carrying value of each class of financial assets			
<u>i Trade and other receivables</u>			
Credit risk on trade receivables is limited based on past experience and management's estimate.			



Ageing of trade and other receivables that were not impaired was as follows.				
Carrying amount	As at 31 March 2022	As at 31 March 2021		
Neither Past due nor impaired	-	-		
Past due but not impaired	1,144,621,631	170,627,367		
Past due more than 180 days	209,344,869	1,449,495,838		
TOTAL	1,353,966,500	1,620,123,205		
<u>Cash and Cash Equivalents</u>				
The Company held cash and bank balance with credit worthy banks of Rs. 19,19,105 /- at 31st March, 2022 , and (Rs. 64,97,095 /- at March 31, 2021). The credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks where credit risk is largely perceived to be extremely insignificant.				
<u>B. Liquidity risk</u>				
Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – trade payables and borrowings.				
<u>Liquidity risk management</u>				
The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine the Company's credit rating and impair investor confidence.				
The Company maintained a cautious funding strategy, with a positive cash balance throughout the year ended 31st March, 2022 and 31st March, 2021. This was the result of cash delivery from the business. Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis. The Company's treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, are retained as cash and cash equivalents (to the extent required).				
<u>Maturities of non – derivative financial liabilities</u> (Amount in Rs.)				
Particulars	As at 31 March 2022		As at 31 March 2021	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Financial Liabilities - Current				
i. Current Borrowings	141,624,855	-	180,171,981	-
ii. Trade payables	1,096,614,787	-	1,103,398,547	-
Total	1,238,239,642	-	1,283,570,527	-



<u>C. Market risk</u>				
Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments. The Company is exposed to market risk primarily related to interest rate risk and the market value of the investments.				
<u>Currency Risk</u>				
The functional currency of the Company is Indian Rupee. Currency risk is not material, as the Company does not have any exposure in foreign currency.				
<u>Interest Rate Risk</u>				
Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.				
<u>Exposure to interest rate risk</u>				
According to the Company interest rate risk exposure is only for floating rate borrowings. Company does not have any floating rate borrowings on any of the Balance Sheet date disclosed in this financial				
<u>Price Risk</u>				
Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in quoted instruments.				
<u>a) Fair value sensitivity analysis for fixed rate Instruments</u>				
The Company does not account for any fixed rate financial assets or financial liabilities at fair value through Profit or Loss. Therefore, a change in interest rates at the reporting date would not affect Profit				
<u>b) Cash flow sensitivity analysis for variable rate Instruments</u>				
The company does not have any variable rate instrument in Financial Assets or Financial Liabilities.				

Note 48 Fair value measurements								
Financial instruments by category:								
As at 31 March 2022								
Particulars	Carrying Value				Fair Value hierarchy			
	FVTPL	FVTOCI	Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
(i) Investments	-	-	4,000,000	4,000,000	-	-	-	-
(ii) Trade Receivable	-	-	1,362,829,862	1,362,829,862	-	-	-	-
(iii) Cash and Cash Equivalents	-	-	1,919,104	1,919,104	-	-	-	-
(iv) Loans	-	-	39,985,900	39,985,900	-	-	-	-
TOTAL	-	-	1,408,734,867	1,408,734,867	-	-	-	-
Financial Liabilities								
(i) Current Borrowings	-	-	141,624,855	141,624,855	-	-	-	-
(ii) Trade Payables	-	-	1,096,614,787	1,096,614,787	-	-	-	-
TOTAL	-	-	1,238,239,642	1,238,239,642	-	-	-	-



As at 01 April 2021								
Particulars	Carrying Value				Fair Value hierarchy			
	FVTPL	FVTOCI	Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
(i) Investments	-	-	4,000,000	4,000,000	-	-	-	-
(ii) Trade Receivable	-	-	1,620,123,205	1,620,123,205	-	-	-	-
(iii) Cash and Cash Equivalents	-	-	6,497,095	6,497,095	-	-	-	-
(iv) Loans	-	-	200,000	200,000	-	-	-	-
TOTAL	-	-	1,630,820,300	1,630,820,300	-	-	-	-
Financial Liabilities								
(i) Current Borrowings	-	-	180,171,981	180,171,981	-	-	-	-
(ii) Trade Payables	-	-	1,103,398,547	1,103,398,547	-	-	-	-
TOTAL	-	-	1,283,570,527	1,283,570,527	-	-	-	-

The carrying amounts of trade receivables, cash and bank balances, current loans, current borrowings, and trade payables are considered to be approximately equal to the fair value.

I. Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and,

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the Indian accounting standard. An explanation of each level is as follows :

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

II. Valuation techniques used to determine fair value

Significant valuation techniques used to value financial instruments include:

Use of quoted market price or dealer quotes for similar instruments

Using discounted cash flow analysis.

The fair values computed above for assets measured at amortised cost are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of unobservable inputs.



Note 49	Capital Management						
	<p>The company's objectives when managing capital are to</p> <ul style="list-style-type: none">• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and• maintain an optimal capital structure to reduce the cost of capital. <p>The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-today needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.</p> <p>The management monitors the return on capital as well as the level of dividends to shareholders. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.</p>						

Disclosure in Accordance with Ind As 24 – Related Party disclosures during the year

<u>Directors, Key Management Personnel (KMP) & relatives of KMP</u>	
Mihir R Ghatalia	Managing Director
Lalit Tulsiani	Director
Anil Mandal	Director
Chetan K Mehta	Director
Nimit R Ghatalia	Director
Archana P Wani	Director
Bina R Ghatalia	Relative of Managing Director
Mira M Ghatalia	Relative of Managing Director
Preeti P Rathi	Company Secretary
Rajesh P Ghatalia	Relative of Managing Director
Nimit Impex Pvt Ltd	Concern in which relative of MD are substantially interested
Suraj Trade Links Pvt Ltd	Concern in which relative of MD are substantially interested
Enam Organics India Ltd	Company in which directors are substantially interested
Worth Investment & Trading Co Ltd	Company in which director is interested
Aaradhana Energy Private Limited	Company in which director is interested
Mihir R Ghatalia (HUF)	HUF in which director is interested



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Transactions with related parties		
Particulars	Amount	Relationship
Aaradhana Energy Private Limited		Company in which director is interested
Advance Payment made for Goods to be Purchased	5,000,000	
Payment received for Sale of Goods	3,517,531	
Anil Mandal		Director
Loan given by Company	50,000	
Loan repayment received by Company	14,000	
Bina R Ghatalia		Relative of Managing Director
Office Rent Paid by Company	6,280,802	
Loan given by Company	2,294,584	
Expenses reimbursed and expenses charged to Profit and loss	282,465	
Loan repayment received by Company	2,101,170	
Chetan K Mehta		Director
Loan given by Company	12,348,000	
Enam Organics India Ltd		Company in which directors are substantially interested
Loan repayment received by Company	76,021,758	
Loan given by Company	75,972,945	
Mira M Ghatalia		CFO
Loan given by Company	829,244	
Loan repayment received by Company	829,244	
Nimit R Ghatalia		Director
Payment done to creditor on behalf of Company	31,180	
Motor Car purchased	949,667	
personal expenses paid (PPF)	150,000	
Loan given	1,665,001	
Loan repaid	2,768,960	
Rajesh Ghatalia		Director
Loan repayment made by Company	100,000	
Loan given by Company	500,000	
Loan repayment received by Company	500,000	
Suraj Tradelinks Pvt Ltd		Company in which director is interested
Loan given by Company	639,928	
Loan repayment received	639,928	
Nimit Impex Pvt Ltd		Company in which director is interested
Loan given by Company	372,294	
Loan repayment received	372,294	
Worth Investment & Trading Co Ltd		Company in which director is interested
Loan taken by Company	6,262,728	
Loan Repayment made by the Company	6,291,232	
Mihir Ghatalia		Director
Rent Paid (car rent)	1,500,000	
expenses reimbursed (loan installment)	929,278	
loan repaid	3,132,637	
loan given	2,877,360	



Outstanding balances		
Particulars	31-03-2022	Relationship
Aaradhana Energy Private Limited		Company in which director is interested
Creditors for goods	5,000,000	
Debtors for goods	1,832,119	
Anil Mandal		Director
Loan given by Company	36,000	
Chetan K Mehta		Director
Loan given by Company	12,348,000	

Loans Given/Taken from related parties	
Particulars	Relationship
Mihir R Ghatalia	Managing director
Beginning of the year	
Loans advanced	
Loan repayment received	
Interest charged	
Interest received	
End of the year	
Anil Mandal	Director
Beginning of the year	
Loans advanced	
Loan repayment received	
Interest charged	
Interest received	
End of the year	
Mira Ghatalia	CFO
Beginning of the year	
Loans advanced	
Loan repayment received	
Interest charged	
Interest received	
End of the year	



Bina R Ghatalia	Relative of Managing Director
Beginning of the year	
Loans advanced	
Loan repayment received	
Interest charged	
Interest received	
End of the year	
Rajesh P Ghatalia	Relative of Managing Director
Beginning of the year	
Loans taken	
Loan repayment made	
Loans advanced	
Loan repayment received	
Interest charged	
Interest paid	
End of the year	
Worth Investment & Trading co Ltd	Company in which director is interested
Beginning of the year	
Loans taken	
Loan repayment made	
Interest charged	
Interest paid	
End of the year	
Chetan Mehta	Director
Beginning of the year	
Loans advanced	
Loan repayment received	
Interest charged	
Interest received	
End of the year	
Enam Organics India Ltd	Company in which director are substantially interest
Beginning of the year	
Loans advanced	
Loan repayment received	
Interest charged	
Interest received	
End of the year	



ATTENDANCE SLIP

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

I hereby record my presence at the Thirty second Annual General Meeting of the Company at E-34, MIDC, Tarapur, Boisar, Dist. Palghar. On September 30, 2022 At 09.15 A.M.

DPID NO*
Client ID No*

Folio No _____
 Full Name of the Shareholder _____
 Signature (in block letters) _____
 Full Name of the Proxy _____
 Signature _____

* Applicable for Investors holding shares in Electronic Forms.

Aarey Drugs & Pharmaceuticals Ltd.

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

PROXY FORM

Affix a
revenue
stamp

DPID NO*
Client ID No*

I _____
 of _____ in the district of _____
 Member(s) of the above named
 Company hereby appoint _____ of
 _____ in the district of
 _____ or failing him
 _____ of _____ in the
 district of _____ as my / our Proxy to attend and vote for
 me/us and my/our behalf at the Thirty second Annual General Meeting of the Company to be
 held on September 30, 2022 at 09.15 A.M. at E-34 , MIDC , Tarapur , Boisar , Dist. Palghar on
 and
 at any adjournment thereof.

Signed this _____ day of _____
 _____ 2022.

Reference _____ Folio _____ No. _____

No. _____ of _____ Shares _____ held _____



*Applicable for Investors holding shares in Electronic Forms.

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

Resolutions			
Ordinary Business		For	against
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 st March, 2022, including the Audited Balance Sheet as at 31 st March, 2022, Statement of Profit & Loss for the year ended on that date and the reports of the Board of Director's and Auditor's thereon.		
2.	To appoint a Director in place of Mihir Ghatalia (DIN: 00581005), who retires by rotation and being eligible, offer himself for re-appointment		

