



Aarey

DRUGS & PHARMACEUTICALS LTD.

**MANUFACTURERS OF BULK DRUGS &
DEALERS OF CHEMICALS & SOLVENTS**

CIN No.: L99999MH1990PLC056538

H. O. : 107,204, SAHAKAR BHAVAN, 340 / 48, N. N. STREET, MASJID BUNDER, MUMBAI - 400 009. ☎ : (022) 66312997 / 98 / 99 Fax : 66313166 E-mail : info@aareydrugs.com
REGD. OFFICE & FACTORY : E - 34, M.I.D.C., TARAPUR, BOISAR, DIST.: PALGHAR - 401 506. ☎ : (02525) 652165 E-mail : works@aareydrugs.com Web : www.aareydrugs.com

NOTICE

**AAREY DRUGS AND PHARMACEUTICALS
LIMITED**

Registered Office:

E-34, M.I.D.C., TARAPUR, BOISAR, THANE MH
401506,

CIN: L99999MH1990PLC056538

Website: www.aareydrugs.com

Email: aareydrugs@gmail.com

POSTAL BALLOT NOTICE

**(Pursuant to Section 110 of the Companies Act, 2013 readwith the Rule 22 of the Companies
(Management and Administration) Rules, 2014)**

To the Shareholders,
Aarey Drugs & Pharmaceuticals Limited

NOTICE is hereby given pursuant to Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 that the resolution appended below, are proposed to be passed as a Special Resolution by way of Postal Ballot.

The explanatory statement pursuant to Section 102 of the Companies Act, 2013, pertaining to the resolution setting out the material facts and the reasons thereof is annexed hereto along with the postal ballot form for your consideration.

A Ballot Paper bearing unique serial number is attached to this Notice. We request you carefully read the instructions mentioned in the Postal Ballot Form and vote by placing a tick mark () at the appropriate place denoting your assent (for) or dissent (against) to the resolution and return the Form duly completed and signed, in the attached self-addressed business reply envelope so as to reach the Scrutinizer before the close of working hours (5:00 P.M.) on or before 30th January, 2018. No other form or photocopy thereof is permitted. Please note that any postal ballot form(s) received after the said date will be treated as not having been received.

Alternatively, in accordance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and Clause 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company is also providing e-voting facility to its members, details of which are given in notes forming part of the notice. Reference to Postal ballot(s) in this notice includes voting through electronic means

The Board has appointed Mr. Virendra Bhatt, Practicing Company Secretary, to act as Scrutinizer for conducting the postal ballot process & the e-voting process in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman of the Company after completion of the scrutiny of the postal ballots.

The result of the Postal ballot shall be announced on Thursday, 1st February, 2018 at 9:00 A.M., at the Registered Office of the Company at E-34, M.I.D.C., TARAPUR, BOISAR, THANE 401506 and will be posted on the website of the Company at www.aareydrugs.com and on the website of the agency providing e-voting facility https://www.evotingindia.com besides communicating to the Stock Exchanges where the securities of the Company are listed. The resolutions, if approved, will be taken as passed effectively per Secretarial Standards on General Meeting.



SPECIAL BUSINESS

ITEM NO. 1:

Issue of Equity Shares through Qualified Institutions Placement

To consider and, if thought fit, to pass the following Resolution as a SPECIAL RESOLUTION:-

“RESOLVED THAT pursuant to Sections 23, 42, 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and all other applicable rules made thereunder including the Companies (Prospectus and Allotment of Securities), Rules, 2014 (collectively “the Act”) (including any statutory modifications, amendments or re-enactments thereof for the time being in force) and provisions of the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), and subject to provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR”) and in accordance with applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government (“GOI”), Reserve Bank of India (“RBI”), Securities and Exchange Board of India (“SEBI”), Ministry of Corporate Affairs (“MCA”), the stock exchanges where the equity shares of the Company (“Equity Shares”) are listed (“Stock Exchange”) and any appropriate authorities, institutions or bodies (collectively “appropriate authorities”) and subject to such conditions, as may be prescribed by any of them while granting any such approval, consent, permission and/or sanction (“requisite approvals”) which may be agreed to by the Board of Directors of the Company (“Board”) (which term shall be deemed to include any Committee for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Members be and is hereby accorded to create, issue, offer and allot Equity Shares to Qualified Institutional Buyers (“QIBs”), on a private placement basis through a Qualified Institutions Placement (“QIP”) in accordance with Chapter VIII of the SEBI ICDR, whether or not such QIBs are Members of the Company or are residents or non-residents, through a placement document, at such time or times in one or more tranche or tranches, at par or at such price or prices, as may be determined in accordance with the provisions under Chapter VIII of the SEBI ICDR, and on such terms and conditions and in such manner as the Board may in its absolute discretion determine, in consultation with the lead managers, advisors or other intermediates, provided however that the total amount raised through the issuance of such Equity Shares shall not exceed Rs.30crores (Rupees Thirty Crores only).

RESOLVED FURTHER THAT in terms of Chapter VIII of SEBI ICDR, the allotment of the Equity Shares as may be decided by the Board shall be completed within 12 months from the date of passing of this Resolution or such other time as may be allowed under the SEBI ICDR from time to time, at such price being not less than the price determined in accordance with the provisions of SEBI ICDR and the Equity Shares shall not be eligible to be sold for a period of 12 months from the date of allotment, except on a recognized stock exchange, or except as may be permitted from time to time under the SEBI ICDR.

RESOLVED FURTHER THAT the relevant date (“Relevant Date”) for determination of applicable price for the issue of Equity Shares shall be the date of meeting in which the Board decides to open the proposed issue of Equity Shares.

RESOLVED FURTHER THAT in accordance with Regulation 86(1)(a) of SEBI ICDR, a minimum of 10% of the Equity Shares shall be allotted to the mutual funds and if the mutual funds do not subscribe to the said minimum percentage or part thereof, such minimum portion or part thereof, may



be allotted to other QIBs, and no allotment shall be made directly or indirectly to any QIB who is a promoter or any person related to promoters of the Company.

RESOLVED FURTHER THAT the Equity Shares so issued shall rank paripassu in all respects including entitlement to dividend with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the issue, allotment, listing and trading of the Equity Shares as above, the Board, be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as may be necessary, including to obtain any approvals, permissions, sanctions from SEBI, Stock Exchanges, and such other authorities which may be necessary or desirable, and to execute all such arrangements, contracts/agreements, memorandums, documents, etc. and to appoint and remunerate the managers, bankers, lawyers, advisors and all such agencies / intermediaries by way of commission, brokerage, fee and the like that may be involved or connected in such offerings of the Equity Shares, with power on behalf of the Company to settle any questions, difficulties or doubts, that may arise in regard to such issue, offer and allotment of Equity Shares and utilization of issue proceeds, in its absolute discretion.

RESOLVED FURTHER THAT the Board shall have authority and power to accept any modification in the proposal as may be required or imposed by SEBI/Stock Exchanges or other appropriate authorities at the time of according / granting the requisite approval to the issue, allotment and listing thereof and as agreed to by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers herein conferred to any Committee of Directors or any other officer(s) / Authorised Representative(s) of the Company to give effect to the aforesaid Resolution.”

ITEM NO. 2:

PREFERENTIAL ALLOTMENT OF WARRANTS CONVERTIBLE INTO EQUAL NUMBER OF EQUITY SHARES TO PROMOTERS/ NON PROMOTERS.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of sections 62(1)(c), Section 42 and all other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) and in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 including any amendment, modification, variation or re-enactment thereof and the provisions of any rules/regulations/guidelines issued/framed by the Central Government, Securities and Exchange Board of India, the Stock Exchange where the shares of the company are listed and any other appropriate authorities (hereinafter collectively referred to as the “Appropriate Authorities”) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the shares of the Company are listed and subject to the Company obtaining all approvals from the Appropriate Authorities and subject to such conditions and modifications, as may be prescribed by any one of them while granting any such approval, consent, permission and / or sanction (hereinafter referred to as the “requisite approvals”), which may be agreed to by the Board of Directors of the Company (hereinafter called the “Board” which term shall include any Committee constituted for time being in force), the consent, authority and approval of the Company be and is hereby accorded to the Board to offer, issue and allot Convertible Warrants (hereinafter referred to as “Warrant(s)”) on



preferential basis to the Promoters, with each Warrant convertible into one equity share of the Company of nominal value of Rs. 10/- each upto an amount of Rs.10 crores (Rupees Ten crores) at such price being not less than the price determined in accordance with SEBI (ICDR) Regulations ("Issue Price"), to be convertible at the option of Warrant holders in one or more tranches, within 18 (Eighteen) months from the date of allotment, into equivalent number of fully paid up Equity Share of the Company of face value of Rs.10 (Rupees Ten only) each, ranking pari-passu in all respects, including as to dividend, with the existing Equity Shares of the Company, at such price being not less than the price determined in accordance with SEBI (ICDR) Regulations and on such conditions and terms and in such manner as may be decided by the Board in this connection;

RESOLVED FURTHER THAT the issue of Warrants, if any, as above, shall be subject to the following terms and conditions:

- i. The "Relevant Date" pursuant to Regulation 71 of the SEBI (ICDR) Regulations in relation to the above mentioned Preferential Issue of Warrants, shall be Tuesday, 2nd January, 2018 which is a date 30 days prior to the date when the results of the postal ballot are to be announced
- ii. The Warrants shall be convertible (at the sole option of the Promoter and Non Promoter) at any time from the date of allotment of Warrants up to a period of 18 months.
- iii. The issue price of the said warrants will be Rs. 10/- (Rupees Ten only) per warrant or the minimum price determined in accordance with the SEBI (ICDR) Regulations and applicable law, whichever is higher
- iv. The Promoter/ Non- Promoter shall on the date of allotment of Warrants, pay an amount equivalent to 25% of the total consideration per warrant.
- v. The Promoter/ Non-Promoter, on the date of allotment of equity shares pursuant to the exercise of option against each such warrant, pay the balance 75% of the consideration.
- vi. The amount referred to in (iii) above shall be non interest bearing and shall be forfeited, if the option to acquire shares is not exercised within a period of 18 months from the date of allotment of the Warrants.
- vii. The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the Companies Act, 2013 and SEBI (ICDR) Regulations for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring.
- viii. The Warrants allotted in terms of this resolution and the resultant Equity shares arising on exercise of rights attached to such Warrants shall be subject to a lock-in requirement as prescribed under the SEBI (ICDR) Regulations as amended from time to time.
- ix. The equity shares to be allotted pursuant to such conversion in the manner aforesaid shall rank pari-passu in all respects including dividend with other existing shareholders.

RESOLVED FURTHER THAT the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the issue and allotment of Warrants and Equity shares including reduction of the size of the issue, as it may deem expedient;

ITEM NO. 3:

To consider and, if thought fit, to pass the following Resolution as a special resolution:-



“RESOLVED THAT in supersession of the earlier resolution passed by the Members in the Annual General meeting of the company held on 29th September 2017, the consent of the Company be and is hereby accorded to cancel the sub-division of the Equity Shares of the Company from face value of Rs. 10/- (Rupees Ten only) each into 10 (Ten) Equity Shares having a face value of Re. 1/- (Rupee One only) each.”

“RESOLVED FURTHER THAT pursuant to the provisions of Section 13 read with Section 61 and other applicable provisions of the Companies Act, 2013, Clause V of the Memorandum of Association of the Company be and is hereby remain as under :-

“The Authorised Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and matters that may be necessary, desirable or expedient for giving effect to the aforesaid resolution.”

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

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

Date: 26th December, 2017
Place: Mumbai


Mihir R. Ghatalia
Managing Director



Notes:

- 1. Explanatory Statement and reasons for the proposed Special businesses pursuant to Section 102 of the Companies Act, 2013 are given hereunder.**
2. The Company has entered into a tripartite agreement with CDSL & the Registrar & Transfer Agent (RTA) to provide electronic platform for voting through e-mode.
3. The Board has appointed Mr. Virendra Bhatt, Practicing Company Secretary as Scrutinizer for conducting the Postal Ballot & remote e-voting process in accordance with the law and in a fair and transparent manner.
4. The Postal Ballot Form together with the self-addressed Business Reply Envelope is enclosed for the use of the member. Please carefully read the instructions printed on the enclosed Postal Ballot Form before exercising your vote and return the Form duly completed, signifying your assent or dissent, in the attached self-addressed, postage pre-paid envelope, so as to reach the Scrutinizer before the close of working hours (6.00 P.M) on 30th January, 2018.

5. The Notice is being sent to all the Members, whose names appeared in the Register of Members/ Record of Depositories as on the cut off date viz. 22nd December, 2017. Voting rights shall be reckoned on the paid up value of the shares registered in the name of the Members as on that date.

6. As per the Companies (Management and Administration) Rules, 2014, as amended, notice of postal ballot may be served on the members through electronic transmission. Members who have registered their e-mail IDs with depositories or with the Company are being sent notice of postal ballot by e-mail and members who have not registered their e-mail IDs will receive notice of postal ballot alongwith postal ballot form through courier. Members who have received postal ballot notice by e-mail and who wish to vote through physical postal ballot form may download the same from the Company's website www.aareydrugs.com or may apply to the Company/ Registrar and Transfer Agents, M/s Link Intime India Pvt Ltd. and obtain a copy thereof.

7. In compliance with the provisions of Section 108 and 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and amendments made thereto, and Clause 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing facility to its members for voting by electronic means through e-voting services as provided by the Central Depository Services (India) Limited (CDSL), which would enable them to cast their vote electronically, instead of through physical postal ballot form and the business may be transacted through such voting. The detailed process for exercising the e-voting facility is given in point no. 9. Members are requested to carefully read the instructions of e-voting before exercising their vote.

8. The voting (Postal & e-voting) begins on 10:00 a.m. on Monday, 1st January, 2018 and ends on Tuesday, 30th January, 2018 at 5:00 p.m. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (i.e. Record date) viz. Friday, 22nd December, 2017 may cast their vote. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be able to change it subsequently. A person who is not a member as on the Record Date should treat this notice for information purposes only.

8. Kindly note that the Members can opt only one mode of voting, i.e. either by physical Postal Ballot or by E-voting. If you are opting for E-voting, then do not vote by physical Postal Ballot also and vice versa. However, in case Members cast their vote by both physical Postal Ballot and E-voting, then voting done through E-voting shall prevail and voting through physical Postal Ballot will be treated as invalid.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on <Date and Time> and ends on <Date and Time>. 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 <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) 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.

- (v) Next enter the Image Verification as displayed and Click on Login.
(vi) 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.
(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip / Address Sticker 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.
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. <ul style="list-style-type: none">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 member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
(ix) Members holding shares in physical form will then directly reach 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.
(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
(xii) 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.
(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
(xiv) 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.
(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.



- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - 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 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.
- (xix) 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.

10. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company from the date of dispatch of notice during normal business hours (10.00 am to 5.00 pm) on all working days up to the date of declaration of the result of Postal Ballot.

Explanatory Statement as required by Section 102 of the Companies Act, 2013 and Explanation about reasons for the passing of the resolution as required under Rule 22(1) of THE Companies (Management and Administration) Rules, 2014

Item No. 1

The Company is engaged in the business of Bulk Drugs and with a view to enhance Company's competitiveness, the Company requires additional funds to invest in growth opportunities and fund the expansion plans of the Company.

To meet the requirements for the above purposes and for other general corporate purpose, as may be decided by the Board of Directors (hereinafter called the “Board” which expression shall include any Committee of Directors constituted / to be constituted by the Board) from time to time, it is proposed to seek authorization of the Members of the Company in favour of the Board, without the need for any further approval from the Members, to undertake Qualified Institutions Placement (“QIP”) for issuance of Equity Shares of the Company to Qualified Institutional Buyers (“QIBs”) in accordance with provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (“SEBI ICDR”), as set out in the Special Resolution at Item No. 1 of the accompanying Notice.

In view of the above, the Board may, in one or more tranches, issue and allot Equity Shares for an aggregate amount not exceeding Rs.30 Crores (Rupees Thirty Crores Only).



The pricing of the Equity Shares that may be issued to QIBs pursuant to SEBI ICDR shall be freely determined subject to such price not being less than the floor price calculated in accordance with Chapter VIII of SEBI ICDR. The price of Equity Shares to be issued, as may be decided by the Board, will be in accordance and compliance with the provisions of SEBI ICDR.

For reasons aforesaid, an enabling Special Resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms and conditions of the issue in accordance with SEBI ICDR. The Equity Shares issued pursuant to the offering would be listed on the Stock Exchange on which the Company's existing Equity Shares are listed. The issue/allotment of Equity Shares would be subject to the receipt by the Company of regulatory approvals, if any.

Section 62(1)(c) of the Companies Act, 2013 ("Act") inter-alia provides that, further securities may be offered to any persons whether or not such persons are existing holders of Equity Shares of the Company as on the date of offer by way of a Special Resolution passed to that effect by the Members of the Company. Accordingly, consent of the Members is being sought, pursuant to the provisions of Section 62(1)(c) and other applicable provisions of the Act, SEBI ICDR and Listing Regulations and such other approvals as may be necessary to issue and allot Equity Shares as stated in the Special Resolution.

In connection with the proposed issue of Equity Shares, the Company is required, inter alia, to prepare various documentations and execute various agreements. Accordingly, it is also proposed to authorize the Board (including certain officers of the Company) to negotiate, finalize and execute such documents and agreements as may be required and do all such acts, deeds and things in this regard for and on behalf of the Company.

The detailed terms and conditions of the issue will be determined by the Board in consultation with the lead manager(s) and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The Directors recommend the Special Resolution mentioned at Item No. 1 of the accompanying Notice for approval by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 1 of the Notice except to the extent of their equity holdings in the Company, if any.

Item No. 2

The Board of Directors of the Company give below disclosures that are required to be given in the explanatory statement to the special resolution to be passed under Section 42 of the Companies Act, 2013 and in terms of the SEBI(ICDR) Regulations, 2009.

a) Objects of issue :

The object of the issue is to augment the resources of the Company, primarily for expansion and for future growth of the business.

b) Intention of Promoters / Directors / Key management persons to subscribe to the offer:

Promoter / Promoter group will subscribe to 10,00,000 Warrants convertible into equal number of Equity shares.



c) Change in management :

The proposed preferential allotment of equity shares and Warrants will not result in any change in the management and control of the Company. Voting rights shall change according to the change in the shareholding pattern mentioned above.

d) Pricing :

The issue price of the said warrants will be Rs. 10/- (Rupees Ten only) per warrant or the minimum price determined in accordance with the SEBI (ICDR) Regulations and applicable law, whichever is higher.

e) Relevant date :

The "Relevant Date" in terms of Regulation 71 of the SEBI (ICDR) Regulations for determination of minimum price is Tuesday, 2nd January, 2018, being a date which is 30 (Thirty) days prior to the date when the results of this postal ballot will be announced, i.e. Thursday, 1st February, 2017.

f) Identity of the Proposed allottee and percentage of post-issued capital that may be held:

Name of the proposed allottee	Ultimate Beneficial Owner	Post-Issue Equity Shareholding (Assuming full conversion of warrants)	
		number	%
Nimit R Ghatalia	Nimit R Ghatalia	20,00,000	9.48

g) Shareholding Pattern before and after the preferential allotment:

The Shareholding Pattern of the Company, before and after the Preferential Allotment would be as follows:

Sr. No.	Category	Before preferential allotment of equity shares And warrants		After Current preferential allotment of equity shares (Assuming full conversion of warrants)	
		No. of shares held	% of shares holding	No. of shares held	% of shares holding
A	Promoters Holding				
1	India:				
	Individual	77,37,552	38.52%	87,37,552	41.44%
	Bodies Corporate	39,20,000	19.52%	39,20,000	18.59%
	Sub Total	116,57,552	58.04%	126,57,552	60.03%
2	Foreign Promoters				
	Sub Total	0	0.00%	0	0.00%
B	Non-Promoters holding				



1	Institutional Investors	0	0.00%	0	0.00%
2	Non-Institution:				
	Private Corporate Bodies	1384926	6.89%	1384926	6.57%
	Indian Public	5909493	29.42%	5909493	28.03%
	Others (Including NRIs)	1132713	5.64%	1132713	5.37%
	Sub Total(B)	8427132	41.96%	8427132	39.97%
	GRAND TOTAL	2,00,84,684	100.00%	2,10,84,684	100.00%

h) **Auditors Certificate :**

Auditor's Certificate confirming that the proposed issue of Convertible warrants and Equity Shares is in accordance with the SEBI (ICDR) Regulations, 2009 shall be laid before the shareholders at the proposed Extraordinary General Meeting.

i) **Lock-in Period:**

The securities allotted to Proposed Allottees shall be locked in as per Regulation 78 and other applicable provisions of SEBI (ICDR) Regulations.

j) **Others:**

Save and except the Preferential Issue as proposed in the resolution as set in the accompanying Notice, the Company has made no other issue or allotment of securities on preferential basis during the year.

The Board of Directors believe that the proposed preferential issue is in the best interest of the Company and its members. The Board recommends the resolution as set out in the accompanying notice for the approval of members as a Special Resolution.

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

Item No. 3

The Company vide its AGM held on 29th September, 2017 has taken the approval of its shareholders to sub-divide the Equity Shares of the Company from face value of Rs. 10/- (Rupees Ten only) each into 10 (Ten) Equity Shares having a face value of Re. 1/- (Rupee One only) each.

Considering the market scenario after the announcement of the subdivision of the shares which were not in favour of the Company and also because of the involvement of higher expenses based on increased number of shares post subdivision of shares. The Board subsequently on its meeting held on 12th October, 2017 has considered and decided not to implement the sub-division of the equity share and that the face value of the equity shares of the company shall remain at Rs.10 per share subject to approval of the Members and any other statutory and regulatory approvals, as applicable.

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

None of the Directors and/or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the



extent of their respective Shareholding in the Company to the same extent as that of every other Shareholder of the Company.

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

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

Date: 26th December, 2017
Place: Mumbai

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



M. R. Ghatalia
Mihir R. Ghatalia
Managing Director