



Aarley

DRUGS & PHARMACEUTICALS LIMITED

**19th Annual Report
2008 - 2009**

BOARD OF DIRECTORS

Rajesh P.Ghatalia	Chairman & Managing Director
Mihir R.Ghatalia	Director
Lalit R.Tulsiani	Director
Chetan K.Mehta	Director
Atul A.Zatakia	Director
Sanjay P.Thakkar	Director
Satish M.Sheth	Director
Jagdish K.Shah	Director

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.Thane.
Pincode - 401506

BANKERS

INDIAN OVERSEAS BANK
Vile Parle (East) Branch
CANARA BANK
Vile Parle (East) Branch
HDFC BANK
Lokhandwala Branch

AUDITORS

Navin Choudhary & Associates
Chartered Accountants.
101, Veena Industrial Estate,
Off. Link Road,
Andheri (West),
Mumbai-400 058.

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEEN ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON 30TH SEPTEMBER, 2009 AT 9.30 A.M. E-34, MIDC, TARAPUR, BOISAR, DIST. THANA TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2009 and the Balance Sheet as on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rajesh P. Ghatalia, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Mihir R. Ghatalia, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint M/s Navin Choudhary & Associates, Chartered Accountants, as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. To Consider and if thought fit, to pass with or without modification the following Resolution as a Ordinary Resolution:

"RESOLVED THAT Mr. Chetan Mehta, who was appointed as an Additional Director of the Company with effect from 2nd June, 2008 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice from a Member signifying his intention to proposed Mr. Chetan Mehta as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be liable to retirement of directors by rotation".

By Order of the Board of Directors
For AAREY DRUGS & PHARMACEUTICALS LIMITED
RAJESH P. GHATALIA
Chairman & Managing Director

Date : 29th August, 2009
Place : Mumbai

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

NOTES :

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

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

2. The relevant Explanatory Statement pursuant to the Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The register of members and the share transfer books of the company will remain closed from 25/09/2009 to 30/09/2009(both days inclusive) in connection with the Annual General Meeting.

4. Members are requested to send all transfer deeds, share certificates and other correspondence relating to registration of transfers, transmission endorsement of payment of allotment moneys, change in their address etc to the Registrar & Share Transfer Agents i.e

LINK INTIME INDIA PRIVATE LIMITED
 (Formerly Known as Intime Registry Limited)
 C-13, Pannalal Silk Mills Compound, LBS Marg,
 Bhandup (West), Mumbai 400078

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

Item No 2

1	NAME OF DIRECTOR	Mr. Rajesh P. Ghatalia
2	Age	52 Years
3	Date of Appointment	02/06/1992
4	Expertise in specific	Finance & Business Administration
5	Qualification	D.M.T.T & T.C
6	Directorship held in other Limited Companies (Excluding Foreign Companies)	Nil
7	Committee position held in other companies	Nil
8	Number of Shares held	263760

Item No 3

1	NAME OF DIRECTOR	Mr. Mihir R. Ghatalia
2	Age	25 Years
3	Date of Appointment	02/08/2004
4	Expertise in specific	Technical & Marketing
5	Qualification	B.E. Mechanical
6	Directorship held in other Limited Companies (Excluding Foreign Companies)	Nil
7	Committee position held in other companies	Nil
8	Number of Shares held	740580

Item No 5

1	NAME OF DIRECTOR	Mr. Chetan Mehta
2	Age	41 Years
3	Date of Appointment	02/06/2008
4	Expertise in specific	Marketing in Pharma Field
5	Qualification	B.Com
6	Directorship held in other Limited Companies (Excluding Foreign Companies)	Nil
7	Committee position held in other companies	Nil
8	Number of Shares held	Nil

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

By Order of the Board of Directors

For **AAREY DRUGS & PHARMACEUTICALS LIMITED**

Place : Mumbai
Date : 29th August, 2009

RAJESH GHATALIA
Chairman & Managing Director

Registered Office:

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

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE
COMPANIES ACT, 1956**

ITEM NO 5

Mr. Chetan Mehta is a B.Com. Graduate, well experienced in Marketing in Pharma Field. He will be a valuable addition to the Company's Board of Directors. He was appointed as an Additional Director by the Board of Directors of the Company ("The Board") at its Meeting held on 2nd June, 2008. Pursuant to Section 260 of the Companies Act, 1956 ("The Act") he holds office upto the date of the Annual General Meeting of the Company. Notice has been received from the Member of the Company in pursuance of Section 257 of the Act, proposing Mr. Chetan Mehta as a Candidate for the office of Director of the Company. Mr. Chetan Mehta has given his consent, to act as a Director of the Company, if appointed. Mr. Chetan Mehta does not hold office of a director in any other Company.

None of the Directors of the Company are interested in the Resolution except Mr. Chetan Mehta

By Order of the Board of Directors

For **AAREY DRUGS & PHARMACEUTICALS LIMITED**

Place : Mumbai
Date : 29th August, 2009

RAJESH GHATALIA
Chairman & Managing Director

Registered Office:

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

DIRECTOR'S REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting the Nineteenth Annual Report together with Audited Accounts for the year-ended 31st March, 2009.

FINANCIAL RESULTS:

Particular	31 st March, 2009	31 st March, 2008
Income	275682698.21	250,501,244.00
Expenditure	266570478.06	243173436.98
(Loss) / Profit Before Exceptional Item & Tax	9112220.15	7,327,807.02
Profit Before Tax	9118609.88	7,327,807.02
(Less)/ Add: Balance Brought Forward From Previous Year	24235226.35	19,476,160.33
Balance Carried To Balance Sheet	31970732.23	24,235,226.35

REVIEW OF OPERATIONS & FUTURE OULLOOK

- PROFIT FROM WASTE** : Company plans to manufacture Ammonium Sulphate from effluent , which at present is drained away, additional investment of Rs.60 lacs is required which is invested from internal accruals, company has already placed order for required machinery & expects to start productions by 31st March 2010 This will add to profitability of company.
- CREATING NEW CAPACITIES** : Company plans to increase capacity by appx. 80 % of existing capacity of Metronidazole (MTZ) and Metronidazole Benzoate (MBO) i.e. from 35 M.T. (MTZ) to 65 M.T.(MTZ) and from 10.5 M.T. (MBO) to 20 M.T. (MBO) respectively, the company plans to increase capacity by 31st March'2010. Appx. Rs. 160 lakhs required will be invested through internal accruals & from bank/financial institution.
- EXPANDING PRODUCT BASKET** : Company plans to add new products i.e. Tinidazole and Glyoxal. Which ill commence production by June'2010. Additional investment of Rs. 300 lakhs, would be funded from bank / financial institution.

DIVIDEND

Your directors do not recommend any dividend for the year ended 31st March, 2009.

DEPOSITS

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

DIRECTOR

Mr. Rajesh Ghatalia & Mr. Mihir Ghatalia, Directors of the company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS RESPONSIBILTY STATEMENT

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

- i) that in preparation of the Annual Accounts for the year ended 31st March,2009, the applicable accounting standards had been followed along with proper explanation relating to material departures , if any;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of financial year ended 31st March,2009 and the profit/(Loss) of the Company for the year under review;
- iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act ,1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts for the year ended 31st March,2009 have been prepared on a "going concern basis"

AUDITORS

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

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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

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

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

EMPLOYEES:

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

DISCLOSURE UNDER SECTION 274

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors
RAJESH P.GHATALIA
Chairman

Place : Mumbai
Date : 29/08/2009

ANNEXURE TO DIRECTOR'S REPORT
ANNEXURE - "I"

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURES 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 regulator 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 grindability has been maintained.

B. POWER AND FUEL CONSUMPTION :

Particulars	2008-2009	2007-2008
(i) Electricity Purchased :		
Units (KWH)	14339	11338
Total Amount (Rs.)	91064.00	63230.00
Rate / Unit (Rs.)	6.35	5.58
(ii) Own generation		
a) Through diesel generator	—	—
Unit		
Units per ltr. Of diesel oil		
Cost / Unit		
b) Through steam turbine/generator		
Unit	789180	—
Units per ltr. of fuel oil / gas	7.40	—
Cost / Unit (Rs.)	4.00	—
(iii) Coal		
Quantity (tonnes)	—	—
Total Cost		
Average rate		
(iv) Furnace Oil / Diesel		
Quantity (k.ltrs.)	107080	—
Total Amount (Rs.)	3156720.00	—
Average rate (Rs.)	29.50	—
(v) Others/internal generation		
Quantity	—	—
Total cost		
Rate / unit		
Total		

	Quantity (In MTS)	Quantity (In MTS)
C. ACTUAL PRODUCTION :		
Production of Industrial solvents & Thinner	52.00	—
D. RESEARCH & DEVELOPMENT (R & D) :		
i) Specific areas in which R & D is conducted by the company :	—	—
ii) Benefits derived as a result of above R & D :		
iii) Further Plan of Action :		
iv) Management Review :		
v) Expenditure on R&D :	2008-2009 (Rs.)	2007-2008 (Rs.)
a) Capital	—	—
b) Recurring	—	—
Total		
c) Total R&D Expenditure as a Percentage of total turnover		
E. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION :		
	2008-2009 (Rs.)	2007-2008 (Rs.)
a) Efforts, in brief, made towards technology Absorption, adaptation and innovation	—	—
b) Benefits derived as a result of the above		
	2008-2009 (Rs.)	2007-2008 (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, Reasons there for and future plans of action		
E. FOREIGN EXCHANGE EARNINGS AND OUTGO :	2008-2009 (Rs.)	2007-2008 (Rs.)
Activities relating to exports ; initiative taken to increase exports ; development of new exports markets for products and services; and export plans;	—	—
Total Foreign Exchange used		
Total Foreign Exchange earned (F.O.B.)		

For and on behalf of the Board of Directors

RAJESH P.GHATALIA
Chairman

Place : Mumbai
Date : 29/08/2009

MANAGEMENT DISCUSSION AND ANALYSIS

This reports 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 has achieved 85% capacity utilities i.e. Sales of Rs.2753 lacs. This has been mainly possible due to the efforts put in to achieve growth. The increased sales also reflect the improved performances of the company. The Company's improved capacity utilization at the plant and streamlined production processes.

Expenditure increased from Rs.2431.73 lacs to Rs.2665.70 lacs.

The paid-up equity share capital stood at Rs.500 lacs. The Earnings Per Share were Rs.1.55 As the company is going for expansion hence dividend not recommended.

RESOURCES AND LIQUIDITY

Primary liquidity needs have been to finance working capital needs. To fund these, the company relied on internal accruals and borrowings. The Company's secured loans is Nil. And unsecured loans is Rs.150.31 lacs, which is made by Director's & it's Relatives.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCES / DEVELOPMENT

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

OUTLOOK

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

CORPORATE GOVERNANCE

PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

CORPORATE GOVERNANCE

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

The report on Corporate Governance is divided in to five parts

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

I BOARD OF DIRECTORS

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

Name of Directors	Designation	Directorship in other public Limited Companies	Other Companies Committee	
			Membership	Chairperson
Mr. Rajesh P. Ghatalia	Chairman & Managing Director- Promoter	1	Nil	Nil
Mr. Lalit R. Tulsiani	Whole time Director	Nil	Nil	Nil
Mr. Mihir A. Ghatalia	Non-Executive Director-Promoter	Nil	Nil	Nil
Mr. Satish M. Sheth	Non-Executive-Independent	Nil	Nil	Nil
Mr. Jagdish K. Shah	Non-Executive-Independent	Nil	Nil	Nil
Mr. Chetan K.Mehta*	Non-Executive-Independent	Nil	Nil	Nil
Mr. Sanjay P. Thakkar**	Non-Executive-Independent	Nil	Nil	Nil
Mr. Atul A. Zhatakia***	Non-Executive-Independent	Nil	Nil	Nil

* Appointed as Additional Director w.e.f. 02.06.2008

** Resigned from Directorship w.e.f 02.06.2008

*** Resigned from Directorship w.e.f 01.03.2009

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

B. REVIEW OF THE BOARD

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

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

C. BOARD MEETINGS

The meetings of the Board of Directors are scheduled well in advance and the folder containing agenda for the meeting with detailed review of all aspects of the Company business, including Performance of the Company, Employee relations, details of Investments, Capital Expenditure, etc. is circulated to all the Directors before 7days 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. Eight Board Meetings were held during the year on 02/04/2008, 28/05/2008, 02/06/2008, 16/07/2008, 28/07/2008, 20/10/2008, 20/01/2009 and 01/03/2009

Name of the Directors	No. of Board Meetings Held	No. of Board Meeting	Attended Attendance at last A.G.M.
Mr. Rajesh P. Ghatalia	8	8	Yes
Mr. Lalit R. Tulsiani	8	8	Yes
Mr. Mihir A. Ghatalia	8	8	Yes
Mr. Satish M. Sheth	8	8	Yes
Mr. Jagdish K. Shah	8	8	Yes
Mr. Chetan K.Mehta*	8	5	Yes
Mr. Sanjay P. Thakkar**	8	2	No
Mr. Atul A. Zhatakia***	8	5	Yes

* Appointed as Additional Director w.e.f. 02.06.2008

** Resigned from Directorship w.e.f 02.06.2008

*** Resigned from Directorship w.e.f 01.03.2009

D. CODE OF CONDUCT

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

II COMMITTEES OF THE BOARD
A. AUDIT COMMITTEE

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

Name of Director	Category	Designation	No. of meeting attended
Mr. Mihir R.Ghatalia	Non-Executive Independent	Chairman	5
Mr. Satish M. Sheth	Non-Executive- Independent	Director	5
Mr. Jagdish Shah	Non-Executive- Independent	Member	5

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

- To Oversee the Company's Financial reporting process and disclosure of its financial information.
- To recommend the appointment of Statutory Auditors and fixation of the Audit fee.
- To review and discuss with the Auditors about internal control system, the scope of audit including observations of

the Auditors, adequacy of internal audit function, major accounting policies, practices and entries, compliance with accounting Standards with The Stock Exchanges and legal requirements concerning financial statements and related party transactions, if any.

- To review the Company's Financial and Risk Management Policies and discuss with the Internal Auditors.
- To follow- up significant finding thereon.
- To review the quarterly and annual financial statements before submission to the Board of Directors.

During the financial year the Audit Committee met **Five (5)** times on 02/04/2008, 16/07/2008, 28/07/2008, 20/10/2008 & 20/01/2009

B REMUNERATION COMMITTEE

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

Name of Director	Category	Designation
Mr. Mihit R. Ghatalia	Non-Executive- Promoter	Chairman
Mr. Satish M.Sheth	Non-Executive- Independent	Member
Mr. Jagdish K. Shah	Non-Executive- Independent	Member

Remuneration to Managing Director

Name of Director	Position	Salary & Perquisite	Service Contract
Mr. Rajesh .P.Ghatalia	Chairman & Managing Director	Rs. 455352.50 (including Perquisites of Rs. 275352.50)	5 years w.e.f. 01.04.2005 to 31.03.2010

C. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

a. The Committee comprises of the following members

Name of Director	Category	Designation
Mr. Rajesh P. Ghatalia	Chairman & Managing Director	Chairman
Mr. Lalit R. Tulsiani	Whole time Director	Member
Mr. Satish M.Sheth	Non-Executive- Independent	Member
Mr. Jagdish K. Shah	Non-Executive- Independent	Member

b. Name & Designation of Compliance Officer:

Mr. Lalit R.Tulsiani
Plot No 137
Mahanand Society
Azad Road,
Vile Parle (East),
Mumbai
Tel / Fax No. - 022-23455543

c. Number of Shareholder Complaints received so far: Nil

d. Number of Complaints not solved to satisfaction: Nil

e. Number of pending complaints: NIL

GENERAL BODY MEETINGS

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

Year	AGM/ EOGM	Date	Time	Venue	Special Resolutions
2007-08	AGM	30/09/2008	09.30 a.m	E-34 MIDC , Tarapur, Boisar, Thane-401506	No
2006-07	AGM	29/09/2007	10.00 a.m	E-34 MIDC , Tarapur, Boisar, Thane-401506	No
2005-06	AGM	30/06/2006	11.00 a.m	E-34 MIDC , Tarapur, Boisar, Thane-401506	No
2005-06	EGM	28/02/2006	10.30 a.m	E-34 MIDC , Tarapur, Boisar, Thane-401506	Changes of Auditors

There was no resolution passed by the Company through postal ballots at any of the above meetings. At the ensuing AGM there are no resolution proposed to be passed through postal ballot.

III DISCLOSURE

- 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.
- There were no pecuniary relationships or transactions of Non Executive Directors vis- a- vis the Company.

IV MEANS OF COMMUNICATION

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

V SHAREHOLDERS INFORMATION
1. ANNUAL GENERAL MEETING

- Date and Time : 30th September 2009 at 9.30 A.M
- Venue : E-34, MIDC, Tarapur, Boisar,
Thane - 401506
- 2. Book Closure Date : 25th September 2009 to 30th September, 2009
- 3. Registered office : E-34 , MIDC ,Tarapur Boisar,
Thane-401506
- 4. Equity Shares listed : Bombay Stock Exchange Limited
The Stock Exchange, Ahmedabad
The Stock Exchange, Delhi

5. Stock Price Data & ISIN No:

The monthly high and low shares prices during the year at BSE are as under

Month	High	Low
April -2008	27.85	19.00
May -2008 44.40	23.00	
June -2008	64.70	39.35
July-2008	69.00	40.20
August-2008	54.40	38.10
September-2008	57.65	46.75
October-2008	44.70	20.60
November-2008	22.60	16.20
December-2008	20.45	15.15
January-2009	22.35	15.00
February-2009	22.45	19.40
March-2009	32.10	19.85

ISIN NO: INE198401019

6. Registrar & Transfer Agents : LINK INTIME INDIA PVT. LTD.
(Formerly Known as Intime Spectrum Registry Limited)
C - 13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West)
Mumbai - 400 078

7. Distribution of shareholding as on 31st March 2009:

No. of Equity Shares held	SHAREHOLDERS		SHARES AMOUNT (Rs.)	
	NOS	%	NOS	%
1 - 500	2932	88.6600	501900	10.0370
501-1000	183	5.5340	153190	3.0640
1001-2000	82	2.4800	131090	2.6220
2001-3000	32	0.9680	82723	1.6540
3001-4000	18	0.5440	64856	1.2970
4001-5000	6	0.1810	27010	0.5400
5001-10000	16	0.4840	110903	2.2180
10001 - Above	38	1.1490	3928728	78.5680
Total	3307	100.0000	5000400	100.0000

8. Category of Shareholdings as on 31st March 2008:

Category	No. of shares	% of Shareholding
Promoters & their relatives	17,50,617	35.01 %
Banks / FIs / Insurance Co.		
(Central / State Govt./ Non-Govt. Institutions)	—	—
Corporate Bodies	311567	6.23%
NRI / OCBS	—	—
Indian Public	2704623	54.09%
Others	233593	4.67%
Total	50,00,400	100.00 %

9. Financial Release Dates for the Year 2009-2010:

Quarter Release Date	(Tentative and subject to change)
1 st Quarter ending 30 th June	End of July, 2009
2 nd Quarter ending 30 th September	End of October, 2009
3 rd Quarter ending 31 st December	End of January, 2010
4 th Quarter ending 31 st March	End of April, 2010

10. Demat Position as on 31st March, 2009

Total No. of Fully paid up Shares	Shares in Demat Form	Percentage %	Shares in Physical Form	Percentage %
1	2	3	4	5
50,00,400	2268600	45.37%	2731800	54.63%

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

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of
Aarey Drugs & Pharmaceuticals Limited

We have examined the compliance of conditions of Corporate Governance by Aarey Drugs & Pharmaceuticals Limited for the year ended 31.03.2009 , as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

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

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

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

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

For **NAVIN CHOUDHARY & ASSOCIATES**
Chartered Accountants

Place : Mumbai
Dated : 29/08/2009

NAVIN CHOUDHARY
Proprietor

AUDITORS' REPORT

TO THE MEMBERS

M/S AAREY DRUGS & PHARMACEUTICALS LIMITED

1. We have audited the attached Balance Sheet of **M/S AAREY DRUGS & PHARMACEUTICALS LIMITED ("the company") E-34, MIDC TARAPUR, BOISAR, THANE, MAHARASTRA**, as at 31st March, 2009 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 [as amended by the Companies (Auditor's report) (Amendment) Order, 2004] issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit ;
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books ;
 - (iii) The balance sheet and profit and loss Account dealt with by this report are in agreement with the books of accounts ;
 - (iv) In our opinion, Balance Sheet and Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable subject to no accounting standard has been followed by the company.
 - (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of the section 274 of the Companies Act, 1956 ;
 - (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts subjects to detailed in note on accounts in schedule 'B' give the information required by the Companies Act, 1956, in the manner so required and give a true and far view in without conformity with the accounting principles generally accepted in India :
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 ; and
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For **NAVIN CHOUDHARY & ASSOCIATES**
Chartered Accountants

Place : MUMBAI
Date : 29/08/2009

NAVIN CHOUDHARY
Proprietor

Annexure referred to in paragraph 3 of our Report of even date to the Members of M/S AAREY DRUGS & PHARMACEUTICALS LIMITED

- i. (a) In our opinion and according to the information and explanation given to us, The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) In our opinion and according to the information and explanation given to us, the fixed assets were physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification as per management opinion.
- (c) In our opinion and according to the information and explanation given to us, a substantial part of fixed assets has not been disposed off by the company during the year, paragraph 4 (f) (c) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the order) is not applicable.
- (a) In our opinion and according to the information and explanation given to us, The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanation given to us, The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) According to the information and explanations given to us, the company has during the year, not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In view of clause (iii)(a) above, the clause (iii) (b), (iii)(c) and (iii)(d) of the order, are not applicable.
- (c) In our opinion and according to the information and explanation given to us, The Company has taken loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 (Clause (iii)(e)).
- (d) In our opinion and according to the information and explanation given to us, Being the company has taken any loan from companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 therefore report in view of the clause (iii)(c) above, the clause (iii)(f) and (iii)(g) are applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regards to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal system.
- v. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of section 301 of the Act have been entered.
- (b) In our opinion, and according to the information and explanations given to us, these contracts or arrangements referred to in (a) above have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanation given to us, As the company has not accepted any deposits from the public, paragraph 4(vi) of the order is not applicable.
- vii. In our opinion, the company has no internal audit system commensurate with its size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of business activity being carried out by the Company.
- ix. (a) In our opinion and according to the information and explanation given to us, the Company is not depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income-Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues applicable to it therefore undisputed amounts payable were not provided in the books of accounts as at March 31, 2009 and also company has not paid the income tax liability amounting to Rs.25,68,741/- for the F.Y. 2007-08.
- (b) According to the information and explanations given to us, there are dues of sales tax, service tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x. The accumulated loss of the company at the end of the financial period does not exceed fifty percent of its net worth. The company has incurred Profit before tax amounting to Rs 91.18 Lacs during the financial year ended on March 31, 2009. Further in the immediately preceding financial year the company has incurred profit before tax of Rs. 73.27 Lacs.
- xi. Based on our audit procedure and on the information and explanations given by the management, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or bank.
- xii. As per information and explanation produced before me, The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund/ or a nidhi/ mutual benefit fund/ society.
- xiv. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. Based on the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. Based on the information and explanations given to us, The Company has not obtained any term loan during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
- xviii. According to the information and explanations given to us, The Company has not made a preferential allotment of shares covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- xix. The Company has not issued any debentures which have remained outstanding at the year end.
- xx. According to the information and explanations given to us, The Company has not raised any money by public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For NAVIN CHOUDHARY & ASSOCIATES
Chartered Accountants

Place : Mumbai
Date : 29/08/2009

NAVIN CHOUDHARY
Proprietor

BALANCE SHEET AS ON 31ST, MARCH, 2009

		As On 31st March, 2009 (Rs.)	As On 31st March, 2008 (Rs.)
		SCHEDULE	
I. Sources of Funds :			
1. Shareholder's Funds			
a. Share Capital	1	50,004,000.00	50,004,000.00
b. Reserves & Surplus	2	33,970,732.23	26,235,226.35
TOTAL I		83,974,732.23	76,239,226.35
2. Loan Funds			
a. Unsecured Loans	3	15,031,197.00	6,786,066.00
TOTAL II		15,031,197.00	6,786,066.00
TOTAL (I + II)		99,005,929.23	83,025,292.35
II. Application of Funds :			
1. Fixed Assets			
a. Gross Block	4	37,468,055.83	36,159,915.27
b. Less Depreciation & Amortisation		4,598,472.38	4,426,546.44
c. Net Block		32,869,583.45	31,733,368.83
d. Capital Work in progress		5,361,876.40	5,361,876.40
TOTAL II		38,231,459.85	37,095,245.23
2. Investments			
	5	15,940.00	15,940.00
TOTAL II		15,940.00	15,940.00
3. Current Assets, Loans & Advances			
a. Inventories	6	30,104,120.00	31,349,805.00
b. Sundry Debtors	7	80,306,671.68	91,837,978.48
c. Cash & Bank Balance	8	3,960,818.17	1,148,310.49
d. Loans & Advances	9	1,417,884.00	3,853,635.01
TOTAL		115,789,493.85	128,189,728.98
Less : Current Liabilities & Provisions			
a. Liabilities	10	53,092,712.53	80,218,141.31
b. Provisions	11	1,938,251.94	2,057,480.55
		55,030,964.47	82,275,621.86
NET CURRENT ASSETS		60,758,529.38	45,914,107.12
TOTAL		99,005,929.23	83,025,292.35

Significant Accounting Policies
Notes on Accounts

A
B

The Schedules referred to above and the notes attached form an integral part of the Accounts
As per our report attached

For **NAVIN CHOUDHARY & ASSOCIATES**
Chartered Accountants

For **AAREY DRUGS & PHARMACETICALS LTD**

NAVIN CHOUDHARY
M.NO.46627

RAJESH P.GHATALIA
Chairman & Managing Director

Place : Mumbai
Date : 29/08/2009

MIHIR R.GHATALIA
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST, MARCH, 2009

PARTICULARS	SCHEDULE	As On 31st March, 2009 (Rs.)	As On 31st March, 2008 (Rs.)
Income :			
Sales (Including Ex.Duty)	12	275,312,449.21	250,501,244.00
Other Income	13	370,249.00	0.00
TOTAL		275,682,698.21	250,501,244.00
Expenditure :			
Manufacturing & Other Expenses	14	261,666,142.68	238,714,541.54
Interest & Finance Charges	15	305,863.00	32,349.00
Depreciation	4	4,598,472.38	4,426,546.44
TOTAL		266,570,478.06	243,173,436.98
(Loss)/ Profit Before Exceptional Item & Tax		9,112,220.15	7,327,807.02
Add : Exceptional Item		6,389.73	0.00
a. Dr./Cr. Bal written off			
Profit Before Tax		9,118,609.88	7,327,807.02
Less : Provision for Taxation		1,383,104.00	2,568,741.00
Profit After Tax		7,735,505.88	4,759,066.02
Add/Less:Balance Brought forward from previous year		24,235,226.35	19,476,160.33
Balance carried to Balance Sheet		31,970,732.23	24,235,226.35
Significant Accounting Policies	A		
Notes on Accounts	B		

The Schedules referred to above and the notes attached form an integral part of the Accounts
As per our report attached

For NAVIN CHOUDHARY & ASSOCIATES
Chartered Accountants

NAVIN CHOUDHARY
M.NO.46627

Place : Mumbai
Date : 29/08/2009

For AAREY DRUGS & PHARMACETICALS LTD

RAJESH P.GHATALIA
Chairman & Managing Director

MIHIR R.GHATALIA
Director

SCHEDULES FORMING PART OF BALANCE SHEET

(Figures for the previous year have been rearranged - to confirm with the revised presentation)

PARTICULARS	As On 31st March, 2009 (Rs.)	As On 31st March, 2008 (Rs.)
SCHEDULE "1" : SHARE CAPITAL		
AUTHORISED SHARE CAPITAL :		
52,50,000 Equity Shares of Rs.10/- each	52,500,000.00	52,500,000.00
ISSUED, SUBSCRIBED & FULLY PAID UP 50,00,400 Equity Shares of Rs.10/- each (Previous year 50,00,400 equity shares of Rs.10/- each	50,004,000.00	50,004,000.00
TOTAL	50,004,000.00	50,004,000.00
SCHEDULE "2": RESERVES & SURPLUS		
Capital Reserve	2,000,000.00	2,000,000.00
Balance of Profit	31,970,732.23	24,235,226.35
TOTAL	33,970,732.23	26,235,226.35
SCHEDULE "3": UNSECURED LOANS		
Loan From Mihir R.Ghatalia	1573639.00	385639.00
Loan From Rajesh P. Ghatalia	848820.00	568820.00
Loan From ICICI Bank (Car Loan)	54486.00	154155.00
Loan From Damyanti P.Ghatalia	3236500.00	75000.00
Loan From Nimit R.Ghatalia	390000.00	0
Loan From Bina R.Ghatalia	8737452.00	5602452.00
Loan Chetan Mehta	190300.00	0.00
TOTAL	15,031,197.00	6,786,066.00

SCHEDULE 4 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As on 01.04.2008	Additions during the year	Deductions during the year	Total Amount (RS.)	Rate of Dep.	Up to 31.03.2008	For the year	Total (RS.)	As on 31.03.2009	31.03.2008
	LAND	2039589.00			2039589.00	0		0.00		2039589.00
FACTORY BUILDING	8602954.68			8602954.68	10%	18657420	860295.47	19517715.49	7742659.21	8602954.68
PLANT & MACHINERY	20514194.31	5734687.00		26248881.31	13.91%	25701970.2	3618659.29	29320629.46	22630222.02	20514194.31
FACTORY EQUIPMENT	118265.83			118265.83	13.91%	229353.97	16450.78	245804.75	101815.05	118265.83
ELECTRONIC EQUIPMENTS	7461.83			7461.83	18.10%	21876.78	1350.59	23227.37	6111.24	7461.83
FURNITURE	6888.08			6888.08	18.10%	20193.94	1246.74	21440.68	5641.34	6888.08
ELECTRONIC FITTING	9714.77			9714.77	18.10%	28480.56	1758.37	30238.93	7956.40	9714.77
D.G. SET	80322.28			80322.28	18.10%	180439.54	14538.33	194977.87	65783.95	80322.28
COMPUTER	20299.40	0.00		20299.40	40%	108111.72	8119.76	116231.48	12179.64	20299.40
MOTOR CAR	247398.60	0.00		247398.60	25.89%	165867.40	64051.50	229918.90	183347.10	247398.60
LABORATORY EQUIPMENT	86280.05			86280.05	13.91%	73517.00	12001.55	85518.55	74278.50	86280.05
CAPITAL WIP BUILDING	4667902.72			4667902.72		0	0.00	0.00	4667902.72	4667902.72
CAPITAL WIP MACHINERY	693973.68			693973.68		0	0.00	0.00	693973.68	693973.68
Total	37095245.23	5734687.00		42829932.23		45187231.10	4598472.38	49785703.48	38231459.85	37095245.23

SCHEDULES FORMING PART OF BALANCE SHEET

(Figures for the previous year have been rearranged - to confirm with the revised presentation)

PARTICULARS	As On 31st March, 2009 (Rs.)	As On 31st March, 2008 (Rs.)
SCHEDULE "5": INVESTMENT-(AT COST)		
Unlisted Investments		
In Government Securities 6 years N.S.C.	15,940.00	15,940.00
TOTAL	15,940.00	15,940.00
SCHEDULE "6": INVENTORIES		
(As taken value and certified by the Management)		
Stores & Spares	194,000.00	194,000.00
Raw Material	28,959,920.00	30,205,605.00
Finished Goods	950,200.00	950,200.00
TOTAL	30,104,120.00	31,349,805.00
SCHEDULE "7": SUNDRY DEBTORS		
Unsecured Debts	80,306,671.68	91,837,978.48
As per the management all the Debtors are unsecured, considered good except the litigated debtors mentioned above		
TOTAL	80,306,671.68	91,837,978.48
SCHEDULE "8": CASH & BANK BALANCE		
Cash in hand	2,369,106.53	1,102,452.37
Bank Balances :		
In Current Account		
Canara Bank	1,007.67	5,284.20
Indian Overseas ank	1,574,382.90	17,873.66
Punjab National Bank	0.00	6,379.19
HDFC Bank	16,321.07	16,321.07
TOTAL	3,960,818.17	1,148,310.49

SCHEDULES FORMING PART OF BALANCE SHEET

(Figures for the previous year have been rearranged - to confirm with the revised presentation)

PARTICULARS	As On 31st March, 2009 (Rs.)	As On 31st March, 2008 (Rs.)
SCHEDULE "9": LOANS & ADVANCES		
a. Advances recoverable in Cash or Kind for the value to be received and/ or to be adjusted		
Advances to Suppliers	39,557.50	39,557.51
Advances towards Expenses	176,431.00	226,431.00
	215,988.50	265,988.51
b. Deposits		
CETP-MIDC-Tarapur	45,000.00	45,000.00
M.S.E.B. -Tarapur	282,600.00	282,600.00
M.T.N.L.	20,000.00	20,000.00
Nitrogen Cyl R-Pharma	15,000.00	15,000.00
Tarapur J/I Effluent	100,000.00	100,000.00
TMRCT Hospital - Boisar	5,000.00	5,000.00
Water Connection	20,620.00	20,620.00
	488,220.00	488,220.00
c. T.D.S.	226,334.50	226,334.50
d. Sales Tax Refundable	478,341.00	108,092.00
e. LOAN TO OTHERS		
Sanjay Chemicals	0	2,765,000.00
Staff Members	9,000.00	0
	1,417,884.00	3,853,635.01
SCHEDULE "10": CURRENT LIABILITIES		
A. SUNDRY CREDITORS		
For Goods	39,143,287.40	65,446,720.90
For Expenses	8,651,275.76	10,867,327.04
	47,794,563.16	76,314,047.94
B. PROVISION FOR INCOME TAX		
(Include Fringe Benefit Tax of Rs. 18435.00)	5,298,149.37	3,904,093.37
	5,298,149.37	3,904,093.37
TOTAL	53,092,712.53	80,218,141.31
SCHEDULE "11": PROVISIONS		
Provision for Expenses	1,938,251.94	2,057,480.55
TOTAL	1,938,251.94	2,057,480.55

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Figures for the previous year have been rearranged - to confirm with the revised presentation)

PARTICULARS	As On 31st March, 2009 (Rs.)	As On 31st March, 2008 (Rs.)
SCHEDULE "12"		
SALES (including excise duty)	275,312,449.21	250,501,244.00
Manufactured products :		
TOTAL	275,312,449.21	250,501,244.00
SCHEDULE "13"		
OTHER INCOME		
Commission Received	0.00	0.00
Sales Tax Receivable (M-Vat)	370,249.00	0.00
TOTAL	370,249.00	0.00
SCHEDULE "14"		
Manufacturing & Other Expenses :		
Factory Exps.	34,225.00	6,000.00
14.1. Consumption of Raw Material :		
(Including Packing Materials)		
Stock Written off	0.00	2,674,408.00
Opening Stock	0	0
Add: Purchases	0	0
Less: Closing Stock	0	0
(Including Taxed, Duties etc.)	0	0
	34,225.00	2,680,408.00

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Figures for the previous year have been rearranged - to confirm with the revised presentation)

PARTICULARS	As On 31st March, 2009 (Rs.)	As On 31st March, 2008 (Rs.)
14.2. A. Increase / (Decrease) in Stock		
Opening Stock		
Raw Materials	30,205,605.00	29,295,535.00
Stores, Spares & Consumables	194,000.00	494,000.00
Finished Goods	950,200.00	950,200.00
Packing Material	0.00	65,035.00
Work In Progress	0.00	1,655,250.00
	31,349,805.00	32,460,020.00
14.2. B. Purchase		
	256,021,143.30	246,019,020.00
Discount on Purchases	2,707,401.00	12,649,800.00
	253,313,742.30	233,369,220.00
Closing Stock		
Finished Goods	950,200.00	950,200.00
Stores, Spares, Consumables	194,000.00	194,000.00
Raw Materials	28,959,920.00	30,205,605.00
	30,104,120.00	31,349,805.00
Stock Written Off	0.00	2,674,408.00
Opening Stock plus Purchase less Closing Stock	254,559,427.30	231,805,027.00
14.3. Salaries, Wages & Benefits to Employees :		
Basic Salary (including Labour Welfare Fund, HRA, Bonus, Gratuity, Leave Salary, Overtime etc.)	648,345.00	394,743.00
Staff Welfare Expenses	12,404.00	10,709.00
	660,749.00	405,452.00
14.4. Operation & Maintenance :		
Carriage Inwards	440,720.00	590,000.00
Security Services Charges	296,186.00	275,104.00
	736,906.00	865,104.00

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Figures for the previous year have been rearranged - to confirm with the revised presentation)

PARTICULARS	As On 31st March, 2009 (Rs.)	As On 31st March, 2008 (Rs.)
14.5. Administration Expenses :		
Air Condition Expenses	12,970.00	4,750.00
Computer Expenses	10,741.60	12,821.40
Conveyance	33,306.50	37,216.50
Electricity Charges - BSES	27,373.00	26,836.00
Power & Fuel	3,156,720.00	0.00
Custodial Fees	22,472.00	0.00
Sundry Expenses	10,744.00	4,712.00
Brokerage Expenses	26,022.00	9,347.00
Legal & Professional Charges	70,674.00	126,959.20
Motor Car Expenses	112,804.84	107,227.00
Printing & Stationary Exps.	80,167.32	20,224.75
Postage & Telegram	13,581.54	14,352.42
Consumable Product Exps.	0.00	31,694.00
Repairs & Maintenance	4,200.00	0.00
Travelling Exps.	166,786.00	7,064.00
Office Expenses	85,949.00	22,922.00
Insurance Exps.	0.00	3,980.45
Share Transfer & Demat Expenses	10,298.46	1,295.51
Donation Expenses	21,300.00	0.00
Income Tax (Fringe Benefit Tax)	0.00	21,791.00
RTA Expenses	94,181.70	90,449.80
Bill Discount Expenses	0.00	1,964.00
Sales Tax Paid	0.00	172,393.00
Filing Fees	700.00	1,400.00
Labour Charges	311,060.00	302,500.00
Listing Fees	16,625.00	32,972.00
House Rent Expenses	120,000.00	0.00
Office Rent	216,000.00	220,000.00
Telephone Exps.	53,863.92	73,781.03
	4,678,540.88	1,348,653.06

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Figures for the previous year have been rearranged - to confirm with the revised presentation)

PARTICULARS	As On 31st March, 2009 (Rs.)	As On 31st March, 2008 (Rs.)
14.6. Selling & Distribution Expenses :		
Advertisement Expenses	5,000.00	5,448.00
Carriage Outward Expenses	488,750.00	601,000.00
Entertainment Expenses	17,192.00	18,600.00
	510,942.00	625,048.00
14.7.A. Payment to Auditors :		
Audit Fees including Tax Audit Fees	30,000.00	33,708.00
	30,000.00	33,708.00
14.7.B. Details of Director's Remuneration :		
Directors Remuneration	180,000.00	250,000.00
Directors Perquisites	275,352.50	701,141.48
	455,352.50	951,141.48
TOTAL	2,61,666,142.68	2,38,714,541.54

SCHEDULE "15"
INTEREST AND FINANCE CHARGES

Bank Charges & Interest	8,869.00	6,559.00
Stamp Duty & Franking Charges	0.00	305.00
Interest	13,155.00	24,389.00
Interest on FBT	0.00	1,096.00
Interest on Income Tax	283,839.00	0.00
TOTAL	305,863.00	32,349.00

Schedules to the Balance Sheet and Profit & Loss Account

SCHEDULE "A"

NOTES ON ACCOUNTS

• **BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**

The financial statement are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) and not materially comply with accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956. The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

• **INVENTORIES**

In our opinion and according to the information and explanation given to us, Inventories are stated at lower of cost and net realizable value except WIP inventories are valued at net realizable value. Cost of inventories includes all cost bringing the inventories to their present location and condition and is determined on the FIFO basis which is totally based as per management verification and valuation.

• **DEPRECIATION**

Depreciation has been provided on Written down value method as per rate prescribed in the schedule XIV of the Companies Act, 1956.

• **REVENUE RECOGNITION**

All the items of income & expenditure having material bearing on the financial statement are recognized on accrual basis.

• **FIXED ASSETS**

Fixed assets are stated at cost, after reducing accumulated depreciation until the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include borrowing costs related to acquisition or construction or qualifying assets for the period up to the completion of construction or installation of such assets respectively and pre-operative expenses incurred during the construction period.

• **TRANSACTION IN FOREIGN CURRENCY**

On the basis of information and explanation given to us there is no foreign currency transaction during the year.

• **INVESTMENT**

Long term investments are carried at cost. Decline other than temporary in the value of investment is charged to the Profit and Loss account. Current investments are stated at the lower of cost and market value.

• **RETIREMENT BENEFITS :**

The company has not provided the provision for any retirement benefits during the year.

• **EARNING PER SHARE**

The Company reports basic earnings per share in accordance with Accounting Standard 20 on Earnings per share. Basic earnings per share are computed by dividing the net profit or loss for the year by the number of Equity shares outstanding during the year. Earnings per share is computed by dividing the net profit of loss for the year by the number of Equity shares outstanding during the year.

• **INCOME TAX AND DEFERRED TAX**

The current tax for income taxes is calculated in accordance with the relevant tax regulations applicable to the company. The company has not paid income tax amounting to Rs. 25,68,741/- for previous year. No Deferred tax assets and liabilities are recognized because of no

availability of proper information therefore no comments on deferred tax assets and liabilities. No effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

SCHEDULE "B"
NOTES ON ACCOUNTS

- DEFERRED TAX ASSETS/LIABILITIES**

No provision has been made for deferred tax assets/liabilities.

- The income Tax demand could not be determined as the necessary details are not available with the company. the same till the date of this report. In the opinion of the management these are not likely to materialize into liabilities in the future, hence no provision is made in the books
- Sales are inclusive of Excise Duty. And also trading activities case includes sales tax and Trade discount. Etc.,
- In the opinion of Board of Directors, the "Current assets, loans and advances" have a value on realisation in the ordinary course of business at least equal to the amount at which these are stated in the Balance Sheet.
- In pursuance of circular regarding interest on delayed payment of small scale and ancillary industrial undertakings act, the liability could not be determined as the necessary details are not available with the company.
- Overdue amount payable to Micro, SSI and medium Enterprises could not be ascertained as the necessary details are not available with the company.

- DIRECTORS' REMUNERATION :**

Particulars	31.03.2009	31.03.2008
Salary & perquisites	455352/-	Rs. 951141/-

- The company has not deposited the income tax and fringe benefit tax till the date of signing of the balance sheet.
- The Balances of Suppliers, Sundry Debtors, Loans & Advances, Unsecured Loans, and certain banks from whom loans have been obtained are as per books of accounts and subject to reconciliation and confirmation with respective parties.
- The investment and inventory are subject to physical verification and confirmation.
- Previous year figure have been regrouped and rearranged whenever necessary to make the comparable with those of the current year.

As per our report of even date.

For **NAVIN CHOUDHARY & ASSOCIATES**
Chartered Accountants

NAVIN CHOUDHARY
Proprietor
M.No. 46627

MIHIR R.GHATALIA
Director

RAJESH P.GHATALIA
Chairman & Managing Director

Place : Mumbai
Date : 29/08/2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. :	56538
State Code. :	11
Balance Sheet Date :	31.03.2009

II. CAPITAL RAISED DURING THE YEAR

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (Amount in Rs.)

Total Liabilities	99005929.23
Total Assets	99005929.23

Sources of Funds:

Paid – up capital	50004000.00
Advance Against Share Capital	NIL
Reserve & Surplus	33970732.23
Secured Loan	NIL
Unsecured Loan	15031197.00

Application of Funds:

Net Fixed Assets	38231459.85
Capital Work in Progress	NIL
Investments	15940.00
Net Current Asset	60758529.38
Miscellaneous Expenditure	NIL
Accumulated Losses	NIL

IV. PERFORMANCE OF COMPANY

Turnover	275312449.21
Total Expenditure	266193839.33
Profit/Loss before Tax	9118609.88
Profit/Loss after Tax	7735505.88
Earning Per Share in Rs.	1.55
Dividend (%)	NIL
Diluted Earning per Share in Rs.	N.A.

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

a) Item Code (ITC Code)	Product Description
	MBO
	MTZ
	2MNI

For **NAVIN CHOUDHARY & ASSOCIATES**
Chartered Accountants

On Behalf of Board

NAVIN CHOUDHARY
M.NO.: 46627

RAJESH P.GHATALIA
Chairman & Managing Director

Place : Mumbai
Date : 29th August, 2009

MIHIR R.GHATALIA
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST, MARCH, 2009
**FOR THE YEAR ENDED
31st MARCH 2009**

A) CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before Tax	9,118,609.88
Adjustment for :	
- Depreciation	45,98,472.38
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	13,717,082.26
Adjustment for :	
- (Increase)/decrease in Trade and Other Receivable	11,531,306.80
- (Increase)/decrease in Inventories	1,245,685.00
- (Increase)/decrease in Loan & Advances	2,435,751.01
- Increase in Current Liabilities / Creditors	(28,508,532.78)
- Increase in Provisions	(119,228.61)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	302,063.68
B) CASH FLOW FROM INVESTING ACTIVITIES	
- Purchases of Fixed Assets	(5,734,687.00)
NET CASH FROM INVESTING ACTIVITIES (B)	(5,734,687.00)
C) CASH FROM FINANCING ACTIVITIES	
- Unsecured Loans	8,245,131.00
NET CASH FROM FINANCING ACTIVITIES (C)	8,245,131.00
D) NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	2,812,507.68
E) CASH & CASH EQUIVALENTS AS BEGINNING OF THE YEAR	1,148,310.49
F) CASH & CASH EQUIVALENTS AS AT END OF THE YEAR (D+E)	3,960,818.17

For and on behalf of the Board of Directors

RAJESH P.GHATALIA
Director

Place : Mumbai

Date : 29th August,2009

AUDITOR'S CERTIFICATE ON CASH FLOW

We have examined the above cash flow statement of Aarey Drugs & Pharmaceuticals Ltd. For the period of 31st March'2009. The Statement has been prepared b the company with the requirements of the listing agreements with stock exchanges and is based on and derived form the accounts of the company from the accounts of the company for the period of 31st March'2009, audited by us under the companies Act 1956.

For NAVIN CHOUDHARY & ASSOCIATES

Chartered Accountants

Place : Mumbai

NAVIN CHOUDHARY

Date : 29th August, 2009

M.No.46627

Aarey Drugs & Pharmaceuticals Limited

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

ATTENDANCE SLIP

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

I hereby record my presence at the Nineteenth Annual General Meeting of the Company at E-34, MIDC, Tarapur, Boisar, Dist. Thana On Wednesday, September 30, 2009 At 09.30 A.M.

Folio No _____

DP ID No.*

Client ID No.*

Full Name of the Shareholder _____ Signature _____
(in block letters)

Full Name of the Proxy _____ Signature _____

*Applicable for Investors holding shares in Electronic Forms.

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

Aarey DRUGS & PHARMACEUTICALS LIMITED

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

PROXY FORM

DP ID No.*

Client ID No.*

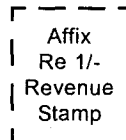
I _____ of _____ in the district of _____ Member(s) of the above named Company hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my / our Proxy to attend and vote for me/us and my/our behalf at the Nineteenth Annual General Meeting of the Company to be held on Wednesday, September 30, 2009 At 09.30 A.M. at E-34 , MIDC , Tarapur , Boisar , Dist. Thana on _____ and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Reference Folio No. _____

No. of Shares held _____

*Applicable for Investors holding shares in Electronic Forms.



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

BOOK - POST

To,

If undelivered please, return to :

Aarey DRUGS & PHARMACEUTICALS LIMITED

Registered Office :

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

CRYSTAL (022) 6614 0900/918