



AAREY DRUGS & PHARMACEUTICALS LIMITED
ANNUAL REPORT 2023-24



BOARD OF DIRECTORS

Mihir Rajesh Ghatalia
Nimit Rajesh Ghatalia
Chetan Kiritbhai Mehta
Lalit Radhakrishna Tulsiani
Anil Mandal
Bina Rajesh Ghatalia

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

KEY MANAGERIAL PERSONNEL

Mira Mihir Ghatalia
Preeti Paresh Rathi

Chief Financial Officer
Company Secretary

REGISTERED OFFICE

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

HEAD OFFICE

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

WORKS

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

BANKER

State Bank of India
Sakinaka Branch
Andheri (East), Mumbai

AUDITORS

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

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF AAREY DRUGS & PHARMACEUTICALS LIMITED WILL BE HELD ON MONDAY 30TH SEPTEMBER, 2024 BY OAVM MEANS AT 11:00 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the year ended 31st March, 2024, the Balance sheet as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mihir Ghatalia (DIN: 00581005), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. Approval of loan(s), investment(s), guarantee(s) or security(ies) under Section 185 of the Companies Act, 2013 up to Rs. 200 Crores

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

“**RESOLVED THAT** pursuant to the provisions of Section 185 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the Companies (Amendment) Act, 2017 read with the Companies (Meeting of Board and its Powers) Rules, 2014 (including any statutory modifications, amendments or re-enactments thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include, unless the context otherwise required, any Committee of the Board or any Director(s) or Officer(s) authorized by the Board to exercise the powers conferred on the Board under this resolution) to advance any loan(s) and / or to give any guarantee(s) and / or to provide any security(ies) in connection with any Financial Assistance / Loans taken / to be taken / availed / to be availed by any entity(ies) which is a Subsidiary(ies) / Associate(s) / Joint Venture(s) or such other entity(ies) / person(s) as specified under Section 185 of the Companies Act, 2013 and more specifically to such other entity(ies) / person(s) as the Board of the Directors in its absolute discretion deems fit and beneficial and in the best interest of the Company (hereinafter commonly known as the Entities); all together with in whom or in which any of



the Director of the Company from time to time is interested or deemed to be interested; provided that the aggregate limit of advancing loan(s) and / or giving guarantee(s) and / or providing any security(ies) to the Entity(ies) / person(s) shall not at any time exceed the aggregate limit of Rs. 200.00 Crores (Rupees Two Hundred Crores Only).

RESOLVED FURTHER THAT the aforementioned loan(s) and / or guarantee(s) and / or security(ies) shall only be utilized by the borrower for the purpose of its principal business activities.

RESOLVED FURTHER THAT keeping the best interest of the Company in view, any approval accorded by the Board of Directors and Shareholders of the Company under Section 185 of the Companies Act, 2013 under this resolution shall be in force till the period any amendment to the said resolution will be made by the Board of Directors and Shareholders thereof.

“**RESOLVED FURTHER THAT** the powers be delegated to the Board of the Company and the Board is hereby authorized to negotiate, finalize, the terms and conditions of the aforesaid loan / guarantee / security and to do all such acts, deeds and things as may be necessary and incidental including signing and / or execution of any deeds / documents / undertakings / agreements / papers / writings for giving effect to this Resolution.”

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

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

Preeti Paresh Rathi

Company Secretary & Compliance Officer
Membership No.: A61313
Date: 14th August, 2024
Place : Mumbai



NOTES:

1. The Ministry of Corporate Affairs, Government of India (the “MCA”) in terms of the General Circular No.14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20 2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 02/2022 dated May 05, 2022 and General Circular No. 10/2022 dated December 28, 2022 (the “MCA Circulars”) and SEBI vide its circulars dated May 12, 2020 and January 15, 2021, May 13, 2022 and and January 5, 2023 on “Additional relaxation in relation to compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015- COVID-19 pandemic” (SEBI Circulars), has permitted Companies to conduct their Annual General Meeting through Video Conferencing (VC) or other audio visual means (OAVM), without the physical presence of the Members at a common venue, subject to the fulfilment of conditions as specified in the MCA Circulars. In compliance with the provisions of the Companies Act, 2013 and MCA Circulars, SEBI Circulars, the AGM of the Company is being held through VC /OAVM.
2. In accordance with Secretarial Standard on General Meetings SS-2 issued by the Institute of Company Secretaries of India (ICSI) read with clarifications/Guidance on applicability of SS-2 dated April 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company at corporate office of the Company which shall be the deemed venue of the AGM.
3. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with and there is no provision for appointment of proxy. Accordingly, the facility for appointment of proxies by the Members under section 105 of the Companies Act, 2013 will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. The Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e- voting. The said Resolution/ Authorization shall be sent to the Company Secretary or authorised representative of the Company at e-mail id: investorgrievance@aareydrugs.com
5. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. Quorum: The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

7. In terms of the MCA circulars, the financial statements (including Board’s report, Auditor’s report and other documents required to be attached therewith) / Annual Report for the financial year



2022-23 and AGM Notice are being sent to the shareholders whose email addresses are registered with the Company or with the depository participant/ depository. Members may note that the Notice and Annual Report 2023-24 will also be available on the Company's website.

8. As per the MCA Circulars, the Shareholders may also note that the Company would not be sending the Annual Report for the financial year 2023-24 and AGM notice by post to the shareholders whose email address is not registered with the Company or depository participants/depository. However as per SEBI Circular dated May 13, 2022, the Company shall send the physical copy of the Annual Reports to all the Shareholders who have registered their request for the same.

9. The Register of Members and the Share Transfer Books of the Company will remain closed from 24th September 2024 to 30th September 2024 (both days inclusive).

10. Mr. Virendra G Bhatt. Practicing Company Secretary (Membership No.1157/ COP No.124), has been appointed as the Scrutinizer to conduct the e-voting process and voting at the AGM through VC/OAVM process in a fair and transparent manner.

The Scrutinizer shall, immediately after conclusion of the voting at AGM, first unblock the votes cast during the AGM, thereafter unblock the votes through e-voting

11. In case the shareholder's email Id is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, all communications from the Company shall be sent electronically including Annual Report, log in details for e- voting etc. on such registered email address.

In case the shareholder has not registered his/her/their email addresses with the Company/its RTA/Depositories, the following instructions to be followed:

i. Members holding shares in physical mode and who have not registered / updated their email address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at Link Intime India Private Limited at rnt.helpdesk@linkintime.co.in;

12. The Register of Members and the Share Transfer Books of the Company will remain closed from 24th September 2024 to 30th September 2024 (both days inclusive).

13. Mr. Virendra G Bhatt. Practicing Company Secretary (Membership No.1157/ COP No.124), has been appointed as the Scrutinizer to conduct the e-voting process and voting at the AGM through VC/OAVM process in a fair and transparent manner.

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- i. Members holding shares in physical mode and who have not registered / updated their email address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at Link Intime India Private Limited at rnt.helpdesk@linkintime.co.in;

PROCEDURE FOR JOINING THE AGM THROUGH VIDEO CONFERENCING OR OTHER AUDIO-VISUAL MEANS (“VC/ OAVM”):

14. Instructions for Shareholders/Members to attend the Annual General Meeting through InstaMeet (VC/OAVM) are as under:

- a. The Members will be able to attend the Annual General Meeting through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 15 minutes before the time scheduled for the Annual General Meeting and will be available to the Members on first come first serve basis.
- b. The Members are requested to participate on first come first served basis as participation through VC/ OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the Annual General Meeting. Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chairpersons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis.
- c. Members can log in and join 15 (fifteen) minutes prior to the scheduled time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the scheduled time. Participation is restricted up to 1,000 members only.



PROCESS AND MANNER FOR ATTENDING THE ANNUAL GENERAL MEETING THROUGH INSTAMEET:

15. Open the internet browser and launch the URL:

<https://instameet.linkintime.co.in>

➤ Select the “Company” and ‘EventDate’ and register with your following details: -

A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders/ members holding shares in **physical form shall provide Folio Number** registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting)

Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request with the company.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.



5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate anykind of aforesaid glitches.



In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

16. THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM/EGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

- i) The voting period begins on 26th September, 2024 and ends on 29th September, 2024 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 23rdSeptember may cast their vote electronically. The e-voting module shall be disabled by Link Intime for voting thereafter.
- ii) Pursuant to SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.
- iii. Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.
- iv. Login method for Individual shareholders holding securities in demat mode is given below:

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



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



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

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

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

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



| | |
|--|--|
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
|--|--|

LOGIN METHOD FOR INDIVIDUAL SHAREHOLDERS HOLDING SECURITIES IN PHYSICAL FORM.

Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>

Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: -

User ID: Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company.

| For Members holding shares in Demat Form and Physical Form | |
|---|--|
| PAN* | Enter your 10-digit Permanent Account Number (PAN). (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. |
| DOB | Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) |
| Bank Details | Enter your Bank Account Number (last four digits), as recorded with your DP/Company. |

*Shareholders holding shares in physical form but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above

*Shareholders holding shares in NSDL form, shall provide ‘D’ above

– Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter).

– Click “confirm” (Your password is now generated).

3. Click on ‘Login’ under ‘SHARE HOLDER’ tab.

4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.

Cast your vote electronically:



1. After successful login, you will be able to see the notification for e- voting. Select ‘View’ icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link).
4. After selecting the desired option i.e. Favour / Against, click on ‘Submit’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.

Guidelines for Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e- voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as ‘**Custodian / Mutual Fund / Corporate Body**’. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘**Custodian / Mutual Fund / Corporate Body**’ login for the Scrutinizer to verify the same.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- Click on ‘Login’ under ‘SHARE HOLDER’ tab and further Click ‘forgot password?’
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on “SUBMIT”.

In case shareholder is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain



minimum 8 characters, at least one special character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter.

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participant's website.

– It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

– For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

– During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular “Event”.



STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No.: 3

Vide the Companies (Amendment) Act, 2017, Section 185 of the Companies Act, 2013 has been amended and the same was notified by the Ministry of Corporate Affairs on 07th May, 2018. In terms of the amended Section 185 of the Companies Act, 2013 a Company may advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person(s) or Body Corporate(s) in whom any of the Director(s) of the Company is interested subject to the condition that approval of the shareholders of the Company is obtained by way of Special Resolution and requisite disclosures are made in the Explanatory Statement.

In order to augment the long term resources of the Company and to render support for the business requirements of the entities in which Director of the Company is interested or deemed to be interested from time to time, the Board of Directors in its Meeting held on Thursday, 18th January, 2024 has, subject to the approval of Shareholders of the Company, proposed and approved for seeking the Shareholders approval for advancing any loan, giving any guarantee or providing any security to all such person(s) specified under Section 185 of the Companies Act, 2013 and more specifically such other entity(ies) / person(s) as the Board of the Directors in its absolute discretion deems fit and beneficial and in the best interest of the Company (hereinafter commonly known as the Entities); all together with in whom or in which any of the Director(s) of the Company from time to time is interested or deemed to be interested and up to an aggregate limit of Rs. 200 Crores (Rupees Two Hundred Crores Only). Further, the aforementioned loan(s) and / or guarantee(s) and / or security(ies) shall only be utilized by the borrower for the purpose of its principal business activities and that keeping the best interest of the Company.

None of the Directors or Key Managerial Personnel or their relative(s) is / are in any way concerned or interested, in passing of the above mentioned resolution except to the extent of their directorships and shareholding in the Company, if any.

Accordingly, the Board of Directors of your Company recommends the passing of the resolution contained in item No.: 03 of the accompanying the Notice of the Annual General Meeting as a Special Resolution.



Nature of concern or interest of Directors:

None of the directors and/or key managerial personnel of your Company and their relatives are concerned or interested, financially or otherwise, in the above resolutions.

DETAILS OF DIRECTOR SEEKING REAPPOINTMENT (who retire by rotation) IN THE FORTHCOMING ANNUAL GENERAL MEETING:

| Sr. No. | Name of the Director | Mr. Mihir Ghatalia |
|---------|--|--|
| 1. | Director Identification Number | 00581005 |
| 2. | Date of Birth | 01/11/1983 |
| 3. | Date of first appointment on the Board | 02/08/2004 |
| 4. | Educational Qualification | BE Mechanical Engineer |
| 5. | Experience (including expertise in specific functional areas) / Brief Resume | Mr. Mihir Ghatalia is a BE Mechanical Engineer and has experience in business. |
| 6. | Directorships held in other companies (excluding foreign companies) | 1. Worth Investment and Trading Limited 2. Enam Organics India Limited |
| 7. | Memberships / Chairmanships of Committees in company | - |
| 8. | Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | Brother of Nimit Ghatalia |
| 9. | No. of shares held in the Company either by self or as a beneficial owner | 2835888 |
| 10. | Name of listed entities from which the person has resigned in the past three years (excluding foreign Companies) | NIL |
| 11. | Number of meetings of the Board attended during the year | 10 |
| 12. | Remuneration last drawn & sought to be paid | 6000000 |

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

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

Date: 14th August, 2024
Place: Mumbai

Preeti Paresh Rathi
Company Secretary & Compliance Officer



DIRECTORS REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting the Thirty Fourth Annual Report together with Audited Accounts for the year-ended 31st March, 2024.

FINANCIAL RESULTS:

(Rs in lakh)

| Particular | 31st March, 2024 | 31st March, 2023 |
|---|------------------------------------|------------------------------------|
| Income | 40258.28 | 42168.56 |
| Expenditure | 39723.99 | 41567.59 |
| (Loss)/ Profit Before Exceptional Item & Tax | 534.29 | 600.96 |
| Profit Before Tax | 534.29 | 600.96 |
| (Less)/ Add: Tax Expenses | (65.93) | (223.86) |
| Balance Carried To Balance Sheet | 468.37 | 377.11 |

REVIEW OF OPERATIONS & FUTURE OULLOOK

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

DIVIDEND

Your directors do not recommend any dividend for the year ended 31st March, 2024.

DEPOSITS



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

TRANSFER TO RESERVE:

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

CHANGES IN SHARE CAPITAL, IF ANY:

During the financial year, Company has no instance of change in Share Capital.

SUBSIDIARY / HOLDING COMPANY, ETC.:

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

VIGIL MECHANISM

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

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, the Board of Directors of the Company has constituted Corporate Social Responsibility (CSR) Committee. Corporate Social Responsibility (CSR) is a good way of conducting business by which corporate entities visibly contribute to the society. The essence of CSR is to integrate the economic, environment and social objectives of the company's operations and growth. CSR is the process by which the organization thinks about and evolves its relationship with the society and demonstrates its commitment by giving back to the society for the resources it used.



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

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

During the year, the Company has spent Rs. 17,04,721/- on CSR activities. The Company has identified focus areas of engagement which have been enumerated in the Annual Report on CSR Activities attached as **Annexure-A**.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31st March 2024, the Board consists of six members, two of whom are Executive Directors and 3 are Independent Directors and one is Non-Executive Directors.

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

INTER-SE RELATIONSHIP BETWEEN DIRECTORS:

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- a) that in preparation of the Annual Accounts for the year ended 31st March, 2024, the applicable accounting standards had been followed along with proper explanation relating to material departures , if any;
- b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair



view of the state of affairs of the company at the end of financial year ended 31st March, 2024 and the profit/(Loss) of the Company for the year under review;

- c) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act ,2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts for the year ended 31st March, 2024 have been prepared on a “going concern basis”
- e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) they devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ANNUAL RETURN

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

AUDITORS

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

SECRETARIAL AUDIT REPORT

The Secretarial Audit Report pursuant to the provisions of Section 204 for the financial year 2023-24 was obtained from M/s. Virendra Bhatt & Associates, Practicing Company Secretaries, which is annexed hereto as **Annexure B**.

The Board has re-appointed M/s. Virendra Bhatt & Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company for the financial year 2024-25.

MR-3 Comments and replies:

- (i) The Company has not filed details in XBRL format for Allotment on Preferential basis under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.- Company has filed Reg 30 only in PDF format



(ii) The Company has filed the Audited Financial Statements for the financial year ended 31st March, 2023, under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the stock exchange in XBRL Format beyond the prescribed time. – Company has filed Application within 48 hours as specified

(iii) The Company has allotted 2669619 (Twenty Six Lakhs Sixty nine thousand Six Hundred and Nineteen) Equity Shares having face value of Rs. 10/- each (Rupees Ten Only) at an issue price of Rs. 10/- per Equity Share including a premium of Rs. 27.8/- per Equity Share on preferential basis at the Board Meeting held on 27th March, 2024 but the same has not been listed yet and the guidelines for issue of shares on preferential basis as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 also has not been followed and the BSE and NSE issued observations on the same. – Company has complied to the best possible way

(iv) The Company has not filed the disclosure of Related Party Transaction under Regulation 23 of the SEBI (Listing Obligations and Disclosure for the half year ended 30th September, 2023 to the BSE.

The Company has filed the disclosure of Related Party Transaction Under Regulation 23 of the SEBI (Listing Obligations and Disclosure for the half year ended 30th September, 2023, to the BSE but inadvertently mentioned September 2022 instead of September 2023

Also paid the penalty of Rs. 188800/- (including GST) as imposed by BSE Limited, however the Company had requested for waiver of the fine and to condone the mistake. - . – Company has filed it was just typing mistake of 2022 instead of 2023

(v) As per the Regulation 3(5) & 3(6) of the SEBI (Prohibition of Insider Trading) Regulations, 2015, Initially the Company has not adopted proper database and also not in Compliance with the requirements but later on the Company has installed proper database and the defaults has been rectified.

I am of the opinion that as on 31st March, 2024 the listed entity is in prima facie compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.- Company is mentioning every entries now in SDD software.

(vi) Pursuant to the provisions of Section 61 read with Sections 13, 64 and other applicable provisions, if any, of the Companies Act, 2013, the Company has not altered its Articles of Association for Increase in Authorized Share Capital at the Annual General Meeting held on 05th September, 2023.- Company has altered MOA

(vii) As per the Audit Report and as per the remark of the Auditor in other matters to the Independent Auditor's Report, the Company has provided loans to directors which is in non-compliance of Section 185 of the Companies Act, 2013. Details of loans to directors are as follows:



| PARTICULARS | NATURE OF RELATIONSHIP WITH THE COMPANY | AMOUNT | BALANCE AS ON 31/03/2024 |
|--------------------|---|----------|--------------------------|
| Mihir Ghatalia | Managing Director | 20000000 | 0 |
| Nimit Ghatalia | Whole Time Director | 6143124 | 00 |
| Mira Ghatalia | Relative of director and CFO | 20214229 | 00 |
| Chetan K Mehta | Independent Director | 1348216 | 00 |
| Bina Ghatalia | Relative of director | 4492000 | 0 |
| Mihir Ghatalia HUF | Entity in which director is interested | 10300000 | 0 |
| Ekta N Ghatalia | Relative of director | 1000000 | 0 |

It was informed by the Compliance Officer that loan given to the directors and their relatives mentioned in the above point no. (vii) were on cumulative basis and the Company has recovered the principal loan amount but interest is yet to be received by the Company. – Management is of the view that interest will be received

(viii) The Company has entered into related party transaction for payment of office Rent as per Section 188 of the Companies Act, 2013 however as informed by the Compliance Officer, the transaction entered was at arm length basis. – As mentioned in Audit Report that Sec 188 was in compliance

(ix) The Company has not complied with provisions of the Prevention of Sexual Harassment (PoSH) Act, 2013, however subsequently the Company has filed the required return with the competent authority. – Company has filed form for Prevention of Sexual Harassment (PoSH) Act, 2013

(x) The Company has not filed MSME form 1 for outstanding payments to suppliers registered as Micro, Small, and Medium Enterprises (MSMEs) under the MSME Act, 2006. – Company has filed MSME form subsequently.

MEETINGS

During the financial year 2023-24, 10 (ten) meetings of the Board of Directors and 10 (ten) meetings of the Audit Committee were held. Details of these meetings and other Committees of the



Board/General Meeting are given in the Report on Corporate Governance forming part of this Annual Report.

DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTOR

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

PERFORMANCE EVALUATION AND ITS CRITERIA:

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

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

The Independent Directors at its separate meeting held on 15th February, 2024 reviewed the performance of Non-Independent Directors and performance of the Board as a whole, performance of the Chairman of the Company taking into account the views of Executive and Non-executive Directors and assessed the quality, quantity and timeliness of flow of information to the Board to perform their duties effectively and reasonably.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

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



COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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

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

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

INTERNAL FINANCIAL CONTROL SYSTEM

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

Your Company has in place an adequate system of internal controls to ensure compliance with various policies, practices and statutes. It has procedures covering all financial and operating functions and processes. These have been designed to provide a reasonable assurance with regards to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliance with regulations. Key controls have been tested during the year and corrective and preventive actions are taken for any weakness.

CHANGE IN THE NATURE OF BUSINESS (IF ANY):

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



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

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

COMPLIANCE WITH SECRETARIAL STANDARDS:

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

MATERIAL CHANGES AND COMMITMENT:

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

SIGNIFICANT AND MATERIAL ORDERS:

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

PARTICULARS OF RELATED PARTY TRANSACTIONS:

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

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

PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN:

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



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

During the year under review, no complaint was received.

POLICIES AND DISCLOSURE REQUIREMENTS:

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

All Directors and Senior Management Personnel have affirmed their adherence to the provisions of the Code of Conduct during the financial year 2023-24.

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

CORPORATE GOVERNANCE & VIGIL MECHANISM:

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

RISK MANAGEMENT:

The Company has its Risk Management Plan & Policy in place which is also displayed on the website of the Company. In the opinion of the Board, during the financial year 2023-24, no elements of risk which may threaten the existence of the Company were noticed by the Board. The Committee monitors the risk management plan and ensures its effectiveness. The details of Committee are set out in the Corporate Governance Report

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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



PROMOTERS:

The Promoter Group's holding in the Company as on 31st March, 2024 was 45.27% of the Company's paid up Equity Capital. The members may note that the shareholding and other details of Promoters has been provided in Annual Return.

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

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

EMPLOYEES:

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

REMUNERATION:

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

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

DISCLOSURE UNDER SECTION 164

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



ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place: Mumbai

Date: 30th May, 2024

Mihir R. Ghatalia
Chairman and Managing Director



Annexure-B

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2023-24

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

| | | |
|---|---|--|
| 1 | A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programs. | The Company has done various CSR activities in the areas of promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. |
| 2 | Composition of Committee | 1) Chetan Mehta- Chairperson 2) Mihir Ghatalia_ - Member 3) Lalit Tulisiani_ - Member |
| 3 | Average Net Profit of the Company for the last 3 Fy's | Rs. 85236045/- |
| 4 | Prescribed CSR Expenditure (2% of the amount mentioned in item 3 above) | Rs. 1704721/- |
| 5 | Details of CSR spent during the Financial Year a. Total amount spent for the Financial year. b. Amount unspent, if any. c. Manner in which the amount spent during the financial year. | Rs.1704721/- NIL As per the Table of Amount spent on CSR activities mentioned below. |
| 6 | Reason for not spending the amount earmarked. | - |



Details of amount spent on CSR activities during the financial year 2023-24.

| Sr. No. | CSR Project or activity identified | Sector in which the project is covered (Clause No. of Schedule VII to the Companies Act, 2013). | Project or Program (1) Local area or other (2) specify the State and District where projects or programs was undertaken | Amount Outlay (Budget) Project or Program wise | Amount spent on the Projects or Programs Sub heads: (1) Direct Expenditure on Projects or Programs (2) Overheads |
|---------|---|---|---|--|--|
| | Company has given the amount to be spent in Corporate Social Responsibility activities as mentioned in the Companies Act, 2013 to DRVA CHARITABLE TRUST | | | Rs 1704721/- | - |

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

**Place: Mumbai
Date: 30th May, 2024**

**Chetan Mehta
Chairperson
DIN: 01639366**



ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE – B

Form No.: MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

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

To,
The Members,
Aarey Drugs and Pharmaceuticals Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aarey Drugs and Pharmaceuticals Limited** having **CIN- L99999MH1990PLC056538** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provides me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's statutory registers, papers, minute books, forms and returns filed with the Registrar of Companies ("ROC"), soft copy of the various records sent over mail as provided by the Company and other relevant records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2024 ("audit period"), has prima facie complied with the statutory provisions listed hereunder:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under and the Regulations, Circulars, Guidelines issued thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;



- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings;
 - (v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (vi) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("the SEBI Act") viz:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015;
- Though the following laws are prescribed in the format of Secretarial Audit Report by the Government, the same were not applicable to the Company for the financial year ended 31st March, 2024:-
- (a) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (b) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vii) The Management has identified and confirmed that the other laws as specifically applicable to the Company and it has proper system to comply with the provisions of the respective Acts, Rules and Regulations;

I have also examined compliance with the applicable clauses of the following and I am of the



opinion that the Company has prima facie complied with applicable provisions:

- (a) Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.
- (b) The Listing Agreements entered into by the Company with the Stock Exchanges read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has prima facie complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above subject to the following observations:

- (i) The Company has not filed details in XBRL format for Allotment on Preferential basis under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (ii) The Company has filed the Audited Financial Statements for the financial year ended 31st March, 2023, under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the stock exchange in XBRL Format beyond the prescribed time.
- (iii) The Company has allotted 2669619 (Twenty Six Lakhs Sixty nine thousand Six Hundred and Nineteen) Equity Shares having face value of Rs. 10/- each (Rupees Ten Only) at an issue price of Rs. 10/- per Equity Share including a premium of Rs. 27.8/- per Equity Share on preferential basis at the Board Meeting held on 27th March, 2024 but the same has not been listed yet and the guidelines for issue of shares on preferential basis as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 also has not been followed and the BSE and NSE issued observations on the same.
- (iv) The Company has not filed the disclosure of Related Party Transaction under Regulation 23 of the SEBI (Listing Obligations and Disclosure for the half year ended 30th September, 2023 to the BSE.

The Company has filed the disclosure of Related Party Transaction Under Regulation 23 of the SEBI (Listing Obligations and Disclosure for the half year ended 30th September, 2023, to the BSE but inadvertently mentioned September 2022 instead of September 2023.

Also paid the penalty of Rs. 188800/- (including GST) as imposed by BSE Limited, however the Company had requested for waiver of the fine and to condone the mistake.

- (v) As per the Regulation 3(5) & 3(6) of the SEBI (Prohibition of Insider Trading) Regulations, 2015, Initially the Company has not adopted proper database and also not in Compliance with



the requirements but later on the Company has installed proper database and the defaults has been rectified.

I am of the opinion that as on 31st March, 2024 the listed entity is in prima facie compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.

- (vi) Pursuant to the provisions of Section 61 read with Sections 13, 64 and other applicable provisions, if any, of the Companies Act, 2013, the Company has not altered its Articles of Association for Increase in Authorized Share Capital at the Annual General Meeting held on 05th September, 2023.
- (vii) As per the Audit Report and as per the remark of the Auditor in other matters to the Independent Auditor's Report, the Company has provided loans to directors which is in non-compliance of Section 185 of the Companies Act, 2013. Details of loans to directors are as follows:

| PARTICULARS | NATURE OF RELATIONSHIP WITH THE COMPANY | AMOUNT | BALANCE AS ON 31/03/2024 |
|--------------------|---|----------|--------------------------|
| Mihir Ghatalia | Managing Director | 20000000 | 0 |
| Nimit Ghatalia | Whole Time Director | 6143124 | 0 |
| Mira Ghatalia | Relative of director and CFO | 20214229 | 0 |
| Chetan K Mehta | Independent Director | 1348216 | 0 |
| Bina Ghatalia | Relative of director | 4492000 | 0 |
| Mihir Ghatalia HUF | Entity in which director is interested | 10300000 | 0 |
| Ekta N Ghatalia | Relative of director | 1000000 | 0 |

It was informed by the Compliance Officer that loan given to the directors and their relatives mentioned in the above point no. (vii) were on cumulative basis and the Company has recovered the principal loan amount but interest is yet to be received by the Company.

- (viii) The Company has entered into related party transaction for payment of office Rent as per Section 188 of the Companies Act, 2013 however as informed by the Compliance Officer, the transaction entered was at arm length basis.



- (ix) The Company has not complied with provisions of the Prevention of Sexual Harassment (PoSH) Act, 2013, however subsequently the Company has filed the required return with the competent authority.
- (x) The Company has not filed MSME form 1 for outstanding payments to suppliers registered as Micro, Small, and Medium Enterprises (MSMEs) under the MSME Act, 2006.

I further report that:-

1. I have not examined the Financial Statements, Financial books, related financial Acts and Related Party Transactions etc., For these matters, I rely on the report of statutory auditors for Financial Statement for the financial year ended 31st March, 2024.
2. The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the audit period under review were prima facie carried out in compliance with the provisions of the Act.
3. As per the information provided, the Company has prima facie given adequate notice to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.
4. I was informed and I observed from the minutes of the Board and Committee Meetings that all the decisions at the Meetings were prima facie carried out unanimously.
5. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
6. The management is responsible for compliances of all business laws. This responsibility includes maintenance of statutory registers/files required by the concerned authorities and internal control of the concerned department.
7. During the audit period, the Company had filed Forms required to be filed within prescribed time and few forms with additional fees.
8. I have not verified financial statements, financial books and statutory dues under various finance acts and for these matters I rely on the Audited Financial Statements.
9. I further report that during the audit period, following events have taken place:



a. Obtained approval from its members at the 33rd Annual General Meeting of the Company held on 05th September, 2023:

i. For Increase in Authorized Share Capital and consequential alteration of Capital Clause of the Memorandum of Association:

Increase in Authorised Share Capital of the Company from existing is Rs. 25,50,00,000/- (Rupees Twenty five crores fifty Lakhs Only) divided into 2,55,00,000 (Two crores fifty five Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each, to Rs. 35,50,00,000/- (Rupees Thirty five Crores fifty Lakhs Only) divided into 3,55,00,000 (Three Crore Fifty Five Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only).

ii. For Issue Upto 50,00,000 Equity Shares on a Preferential Basis.

iii. For Issue of 50,00,000 Convertible Warrants on Preferential basis.

iv. For Increase in Borrowing limit upto Rs. 300 Crores under Section 180(1)(c) of the Companies Act, 2013 to borrow money from Banks, financial institutions, non-banking finance companies, co-operative banks, insurance companies, pension funds, investment institutions and their subsidiaries, mutual funds, trusts and other bodies corporate (hereinafter referred to as the ("Lending Agencies")), whether by way of advances, loans, inter corporate deposits, facilities of any other nature, Commercial Papers, issue of debentures/ bonds, rupee term loans/foreign currency loans and/or other instruments.

v. For Creation of Charge over the assets of the Company pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013.

vi. Approval of loan by the Company in terms of provision of section 185 of the Companies Act, 2013.

vii. Consent of Members to increase in the limits applicable for making investments/extending loans and giving guarantees or providing securities in connection with loans to Persons / Bodies Corporate

Members of the Company has approved the limit upto Rs. 300 Crores under Section 186 of the Companies Act, 2013 and authorized the Board of Directors to (i) give any loan to any person or other body corporate; (ii) give any guarantee or provide any security in connection with a loan to any other body corporate or person and (iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate.



- b. Obtained approval from its members at the Extra-Ordinary General Meeting of the Company held on 29th December, 2023:
- i. For reappointment of Mr. Mihir Ghatalia (DIN: 00581005) as Chairman and /managing Director of the Company.
 - ii. For regularisation of the appointment of Mrs. Bina Ghatalia (DIN: 01471745) as Non – Executive Director of the Company.
10. During the audit period, the Company has allotted 2669619 (Twenty Six Lakhs Sixty nine thousand Six Hundred and Nineteen) Equity Shares having face value of Rs. 10/- each (Rupees Ten Only) at an issue price of Rs. 10/- per Equity Share including a premium of Rs. 27.8/- per Equity Share on preferential basis at the Board Meeting held on 27th March, 2024.
11. During the audit period, the Company has allotted 6,00,000 (Six Lakhs) Warrants convertible into Equity Shares at an issue price of Rs. 10/- per Warrant including a premium of Rs. 37.8/- per Warrant on preferential basis at the Board Meeting held on 27th March, 2024.
12. I further report that during the audit period, there were no instances of:
- i. Public/ Rights/debentures/ sweat equity, etc.;
 - ii. Issue of equity shares under Employee Stock Option Scheme;
 - iii. Redemption / Buy- Back of securities;
 - iv. Merger / amalgamation / reconstruction etc.;
 - v. Foreign Technical Collaborations.

I further report that:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.



4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of Company.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.

Date: 30th May, 2024
Place: Mumbai

Virendra G. Bhatt
Practicing Company Secretary
ACS No.: 1157 / COP No.: 124
Peer Review Cert. No.: 1439/2021

UDIN: A001157F000501327



ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE-C

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

A. CONSERVATION OF ENERGY :

a) Energy conservation measures taken :

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

b) Impact of above measures:

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

B. POWER AND FUEL CONSUMPTION :

| Particulars | 2023-2024 | 2022-2023 |
|--|---------------------|---------------------|
| (i) Electricity Purchased: | | |
| Units (KWH) | 8,98,018 KWH | 9,63,711 KWH |
| Total Amount (Rs.) | 10,07,210 | 97,49,290 |
| Rate/ Unit (Rs.) | 11.143 | 10.116 |
| (ii) Own generation | | |
| a) Through diesel generator | 3468 KWH | 3300 KWH |
| Units per ltr. Of diesel Oil | 3.3 KWH | 3.3 KWH |
| Cost/unit | 27.90 | 28.21 |
| b) Through steam turbine/ generator | | |



| | | |
|--|----------------------|---------------------|
| Unit | NIL | NIL |
| Unit per ltr. Of fuel oil/ gas | NIL | NIL |
| Cost/ Unit | NIL | NIL |
| (III) Coal | | |
| Quantity (tones) | NIL | 115.270 |
| Total Cost | NIL | 13,71,165 |
| Average rate | | 11895.25/MT |
| (iv) Furnance Oil/ Diesel | Diesel/LDO | |
| Quantity (m.t.) | 1.4/14.33 | NIL |
| Total Amount (Rs.) | 128940/931645 | NIL |
| Average Rate (Rs.) | 92.10/65 | NIL |
| (v) Others/ Internal generation (Biomass Briquette) | | |
| Quantity | 994.45 | 946.040 M.T. |
| Total Cost | 9148986 | 95,86,435 |
| Rate/ unit | 9200/MT | 9626.562/MT |

C. ACTUAL PRODUCTION :

| | Quantity (in MTS) 2023-2024 | Quantity (in MTS) 2022-2023 |
|--|--|--|
| Total Production | 490.58 MT | 348.535 MT |
| RESEARCH & DEVELOPMENT (R & D): | | |



| | | |
|---|-----------------------|------------------|
| i) Specific areas in which R & D is conducted By the company: | | |
| Benefits derived as a result of above R &D : | | |
| Further Plan of Action : | | |
| Management Review | | |
| Expenditure on R&D : | | |
| | 2023-20 24 | 2022-2023 |
| a) Capital | 507405 INR | ----- - |
| b) Recurring | ----- -- | ----- - |
| Total | | |
| c) Total R&D Expenditure as a Percentage of total turnover | | |

D. TECHNOLOGY, ABSORPTION, ADAPTION AND INNOVATION :

| | 2023-2024 | 2022-2023 |
|--|------------------|------------------|
| | (Rs.) | (Rs.) |
| a) Efforts, in brief, made towards technology Absorption, adaption and innovation | | |
| b) Benefits derived as a result of the above | | |
| | 2023-2024 | 2022-2023 |
| | (Rs.) | (Rs.) |
| c) In case of imported technology (imported during the last 5 years reckoned from the | | |



| | | |
|---|--|--|
| beginning of the financial year) | | |
| 1.Technology import | | |
| 2.Year of import | | |
| 3.Has technology ben fully absorbed | | |
| 4.If not fully absorbed, areas where this has not Taken place, Reasoms there for and future Plans of action | | |

E. FOREIGN EXCHANGE EARNINGS AND OUTGO:

| | 2023-2024 | 2022-2023 |
|--|------------------|------------------|
| | (Rs.) | (Rs.) |
| Activities relating to exports ; initiative taken | | |
| To increase exports ;development of new | | |
| Exports markets for products and services;and export plans; | | |
| Total Foreign Exchange used | 566.09 Lakh | 2170.33 Lakh |
| Total Foreign Exchange earned (F.O.B.) | 140.61 Lakh | 236.63 Lakh |

For and on behalf of the Board of Directors

Mihir R Ghatalia
Chairman and Managing Director

Place: Mumbai
Date: 30th May, 2024



MANAGEMENT DISCUSSION AND ANALYSIS

This report contains statements, which may constitute “forward looking statements” within the meaning of the applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of the future events. Actual results could differ materially from those expressed or implied. Important factors that could impact the Company’s performance include, among others, economic conditions affecting the demand / supply and price conditions in the markets in which the company operates, changes in the Government policies, regulations, tax laws, other statutes and incidental factors.

The Company undertakes no obligations to update or revise forward-looking statements on the basis of any subsequent developments, information or events.

GENERAL REVIEW

The Company is in the API / Bulk Drugs manufacturing and offers a range of products for diverse industrial applications. The Company maintains its head office in Masjid, Mumbai and the plant in Tarapur, Maharashtra.

SIGNIFICANT FINANCIAL EVENTS OF THE YEAR

The Company’s Sales from trading activities is Rs.360.83Cr. This has been mainly possible due to the efforts put in to achieve growth. The increased sales also reflect the improved performances of the company.

The paid-up equity share capital stood at Rs. 28.05 Cr. The Earnings per Share were Rs.1.84 As the company is going for expansion hence dividend not recommended.

RESOURCES AND LIQUIDITY

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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



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

HUMAN RESOURCES / DEVELOPMENT

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

OUTLOOK

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



CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

2. BOARD OF DIRECTORS

a)Composition:

The composition of the Board, details of other directorships, committee positions as on 31st March, 2024 and attendance of Directors at the Board Meetings and at the Annual General Meeting ('AGM') held during the year under review are given in the table below:

| Name of Directors | Designation | Directorship in other public Limited Companies # | Other Companies Committee | |
|----------------------|--|--|---------------------------|-------------|
| | | | Membership | Chairperson |
| Mr. Mihir R Ghatalia | Chairman and Managing Director | 2 | 0 | Nil |
| Mr. Chetan K Mehta | Non Executive Independent Director | 0 | 0 | 0 |
| Mr. Lalit Tulsiani | Non Executive Independent Director | 1 | 1 | 2 |
| Mrs. Archana Wani* | Non Independent Non Executive Director | 1 | 1 | Nil |
| Mr. Nimit R Ghatalia | Executive Director | 2 | 2 | Nil |
| Mr. Anil Mandal | Non Executive Independent Director | 2 | 2 | 1 |
| Mrs. Bina Ghatalia** | Non Independent Non Executive Director | 0 | 0 | Nil |



The number of Directorships excludes Directorships in Private Limited Companies

*Resigned w.e.f. 09th October, 2023

**Appointed w.e.f. 09th October, 2023

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

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

| Name of Directors | Name of Listed Entities in which he is Director | Category of Directorship |
|----------------------|---|------------------------------------|
| Mr. Mihir R Ghatalia | Worth Investment and Trading Company Limited | Executive Director |
| Mr. Anil Mandal | Worth Investment and Trading Company Limited | Independent Non Executive Director |
| Mr. LalitTulsiani | Worth Investment and Trading Company Limited | Independent Non Executive Director |
| Mrs. Archana Wani* | Worth Investment and Trading Company Limited | Non Independent Non Executive |
| Mr. Nimit R Ghatalia | Worth Investment and Trading Company Limited | Executive Director |
| Mr. Chetan K Mehta | NIL | NIL |
| Mrs. Bina Ghatalia** | NIL | NIL |

b)Number and date of Board Meetings held:

Ten Board Meetings were held during the Financial Year 2023-24. The dates on which meetings were held are 29/05/2023, 21/06/2023, 12/07/2023, 31/07/2023, 10/08/2023, 14/08/2023, 09/10/2023, 11/11/2023, 14/02/2024 and 27/03/2024.

| Name of Directors | No. of Board Meeting Held | No. of Board Meeting attended | Attendance at last AGM |
|----------------------|---------------------------|-------------------------------|------------------------|
| Mr. Mihir R Ghatalia | 10 | 10 | Yes |
| Mr. Chetan K Mehta | 10 | 10 | Yes |
| Mr. Lalit Tulsiani | 10 | 10 | Yes |
| Mrs. Archana Wani* | 10 | 7 | Yes |
| Mr. Nimit R Ghatalia | 10 | 10 | Yes |
| Mr. Anil Mandal | 10 | 10 | Yes |



| | | | |
|----------------------|----|---|-----|
| Mrs. Bina Ghatalia** | 10 | 3 | Yes |
|----------------------|----|---|-----|

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

c) Disclosure of relationship between directors inter-se:

Mr. Mihir Ghatalia, Managing Director, is brother of Mr. Nimit Ghatalia, Director except this, there are no inter-se relationships and Mr. Rajesh Ghatalia is father of the Directors and Mrs. Bina Ghatalia is mother of Mr. Nimit Ghatalia and Mr. Mihir Ghatalia.

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

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

| Sr. No. | Name of Directors | Leadership | Pharma expertise | Accounting experience | Strategy & Planning | Sales and other development |
|---------|----------------------|------------|------------------|-----------------------|---------------------|-----------------------------|
| 1 | Mr. Mihir R Ghatalia | ✓ | ✓ | | ✓ | |
| 2 | Mr. Nimit R Ghatalia | | | | ✓ | ✓ |
| 3 | Mr. Chetan K Mehta | | | ✓ | ✓ | |
| 4 | Mr. Lalit Tulsiani | ✓ | ✓ | ✓ | ✓ | |
| 5 | Mrs. Archana Wani | | ✓ | ✓ | ✓ | ✓ |
| 6 | Mr. Anil Mandal | | | | ✓ | ✓ |

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

As on 31st March, 2024 Mr. Lalit Tulsiani holds 840 shares and Mr. Chetan Mehta holds 450000 shares in the Company.

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

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

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

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



Further, a separate meeting of the Independent Directors was held on 15th February, 2024. All the Independent Directors were present at the said meeting.

3. AUDIT COMMITTEE

a) Composition:

As on 31st March, 2024 the Composition of Audit Committee comprised of Mr. Mihir Rajesh Ghatalia, Mr. Chetan Kirit Mehta and Mr. Lalit Radhakrishna Tulsiani.

b) Meeting and Attendance during the year:

During the financial year 2023-24 the Audit Committee met nine times i.e. on 29/05/2023, 21/06/2023, 12/07/2023, 31/07/2023, 10/08/2023, 14/08/2023, 11/11/2023, 14/02/2024 and 27/03/2024. The attendance of the members at the meetings are as under:

| Name of Member | Category | Designation | No. of Meetings Attended |
|-----------------------|------------------------------------|--------------------|---------------------------------|
| Mr. Chetan K. Mehta | Non-Executive-Independent Director | Chairman | 9 |
| Mr. Mihir R Ghatalia | Chairman & Managing Director | Member | 9 |
| Mr. Lalit R Tulsiani | Non-Executive-Independent Director | Member | 9 |

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

(i) Terms of reference

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

Financial Reporting and other Financial Matters

- Oversight of Company's Financial Reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- Reviewing with the management, quarterly Unaudited Financial Statements and Annual Audited Financial Statements & Auditors' Report thereon before submission to the Board for approval. Review of Annual Financial Statements inter alia includes reviewing changes in Accounting Policies.
- Reviewing management discussion and analysis of financial condition and results of operations;
- Scrutiny of inter-corporate loans & investments;
- Monitoring the performance of the unlisted subsidiaries by reviewing their financial statements including the investments made by them; and

Audit & Auditors, Internal Controls

- Recommending the appointment, remuneration and terms of appointment/re-appointment, if required, replacement or removal of auditors, fixation of audit fees and payment for any other services rendered by the other capacity;
- Recommending appointment and remuneration of Cost Auditors;
- Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- Reviewing the adequacy of internal audit function and internal control systems including internal



financialcontrols; and discussion with Internal Auditors any significant findings and follow-up thereon; and

- Reviewing significant audit findings from the statutory and internal audits.

Other Matters;

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

4. NOMINATION AND REMUNERATION COMMITTEE

a) Brief Description of terms of reference:

(i) Terms of Reference

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

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

b) Composition:

As on 31st March, 2024 the Nomination and Remuneration Committee comprised of Mr. Chetan Mehta, Mrs. Bina Ghatalia* and Mr. LalitTulsiani.

c) Meeting and attendance during the year:

During the financial year the Nomination and Remuneration Committee met one time i.e on 09/10/2023. The attendance of the members at the meetings are as under.

| Name of Members | Category | Designation | No of meetings attended |
|--------------------|------------------------------------|-------------|-------------------------|
| Mr. Lalit Tulsiani | Non-Executive-Independent Director | Chairman | 1 |



| | | | |
|---------------------|------------------------------------|------------|---|
| Mr. Chetan K. Mehta | Non-Executive-Independent Director | Member | 1 |
| Mrs. Archana Wani** | Non-Executive-Independent Director | Non Member | 1 |
| Mrs Bina Ghatalia* | Non-Executive-Independent Director | Non Member | 0 |

*Appointed w.e.f 09/10/2023

**Resigned w.e.f 09/10/2023

d) Performance evaluation criteria for independent directors:

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

5. REMUNERATION OF DIRECTORS:

| Name of Directors | Salary | Perquisites or Allowances | Contribution to PF & others | Sitting Fees | Total |
|----------------------|-------------|---------------------------|-----------------------------|--------------|-----------------|
| Mr. Mihir R Ghatalia | 600000 p.a. | 455261.8 p.a. | - | - | 1055261.80 p.a. |
| Mr. Chetan K Mehta | - | - | - | - | - |
| Mr. Lalit R Tulsiani | - | - | - | - | - |
| Mrs. Archana Wani | - | - | - | - | - |
| Mr. Nimit R Ghatalia | 300000 p.a. | 458072.1 p.a. | - | - | 758072.10 p.a. |
| Mr. Anil Mandal | - | - | - | - | - |

6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

a. The Committee comprises of the following members

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



| Name of Members | Category | Designation | No of meetings attended |
|----------------------|---|-------------|-------------------------|
| Mrs. Archana Wani* | Non-Executive- Non-Independent Director | Chairperson | 1 |
| Mrs. Bina Ghatalia** | Non-Executive- Non-Independent Director | Chairperson | 2 |
| Mr. Chetan K Mehta | Non-Executive-Independent Director | Member | 3 |
| Mr. Mihir R Ghatalia | Managing Director | Member | 3 |

*Resigned w.e.f 09/10/2023

**Appointed w.e.f. 09/10/2023

The Stakeholders Relationship Committee met 3 times during the year under review. The said meetings were held on 22/09/2023, 20/10/2023 and 25/01/2024.

7. COPORATE SOCIAL RESPONSIBILITY COMMITTEE:-

a.) Composition:

As on 31st March 2024 the Composition of Corporate Social Responsibility Committee comprised of Mr. Mihir Rajesh Ghatalia, Mr. Chetan Kiritbhai Mehta and Mr. Lalit Radhakrishna Tulsiani

b) Meeting and attendance during the year

During the Financial year 2023-24 the Corporate Social Responsibility Committee met one time i.e as on 20/03/2024.

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

| Name of Members | Category | Designation | No of meetings attended |
|----------------------|------------------------------------|-------------|-------------------------|
| Mr. Chetan K Mehta | Non-Executive-Independent Director | Chairman | 1 |
| Mr. Mihir R Ghatalia | Managing Director | Member | 1 |
| Mr. Lalit Tulsiani | Non-Executive-Independent Director | Member | 1 |

b. Name & Designation of Compliance Officer: Mrs. Preeti Paresh Rathi
107, SahakarBhavan,
NarshiNatha Street 340348,
Masjid Bunder,
Mumbai- 400009
Phone No:- 022-62872900

c. Number of Shareholder Complaints received during the year 2023-24: **Nil**



d. Number of Complaints not solved to satisfaction: Nil

e. Number of pending complaints: NIL

7. GENERAL BODY MEETINGS

Details of last three Annual General Meetings:

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

| Year | AGM/ EGM | Date | Time | Venue | Special Resolution Passed |
|-------------|---------------------|--|-------------|---|--|
| 2023 | EGM | 29th December, 2023 | 11:00 A.M | Through Other Audio Visual Means ("OAVM") means | 1. Reappointment of Mr. Mihir Ghatalia (DIN: 00581005) as Chairman and Managing Director of the Company. |
| 2023 | AGM | 05 th September, 2023 | 11:00 A.M | Through Other Audio Visual Means ("OAVM")means | 1. Issue Upto 50,00,000 Equity Shares on a Preferential Basis. 2. Issue of 50,00,000 Convertible Warrants on Preferential basis. 3. Increase in Borrowing Power of Company. 4. Creation of Charge over the Assets of the Company. 5. Approval of loan by the Company in terms of provision of section 185 of the Companies Act 2013. 6. Consent of Members to |



| | | | | | |
|-------------|-----|----------------------------------|---------|---|---|
| | | | | | increase in the limits applicable for making investments /extending loans and giving guarantees or providing securities in connection with loans to Persons / Bodies Corporate. |
| 2022 | AGM | 30 th September, 2022 | 9:15A.M | E-34, MIDC, Tarapur, Boisar, Thana - 401506 | Nil |
| 2021 | AGM | 11 th September, 2021 | 9:15A.M | E-34, MIDC, Tarapur, Boisar, Thana - 401506 | 1) Issue upto 20,00,000 Equity Shares on Preferential Basis. |

During the year ended 31st March, 2024 no resolution proposed to be passed through postal ballot.

8. MEANS OF COMMUNICATION

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

9. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting:

- Date & Time : Monday, 30th September, 2024 at 11:00a.m
- Venue : E-34, MIDC, Tarapur, Boisar, Thane – 401506

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

1st April, 2024 to 31st March, 2025

| QUARTER RELEASE DATE | TENTATIVE AND SUBJECT TO CHANGE |
|---|---|
| 1 ST Quarter ending 30 th June, 2024 | On or before 14 th August,2024 |
| 2 nd Quarter ending 30 th September, 2024 | On or before 14 th November,2024 |
| 3 rd Quarter ending 31 st December, 2024 | On or before 14 th February,2025 |
| 4 th Quarter ending 31 st March, 2025 | On or before 30 th May, 2025 |



Book Closure Date: 24th September 2024 to 30th September 2024 (both days inclusive)

- c) **Dividend Payment date:** The Board has not recommended any dividend on Equity Shares of the Company for the year ended 31st March, 2024.
- d) **Equity Shares Listed :** BSE Limited (BSE) and National Stock Exchange of India Limited
- e) **Listing Fees:** The Company has paid the Listing fees for the financial Year 2023-24.
- f) **Stock code: 524412 and AAREYDRUGS**
- g) **ISIN: INE198H01019**
- h) The monthly high and low shares prices during the year at BSE are as under

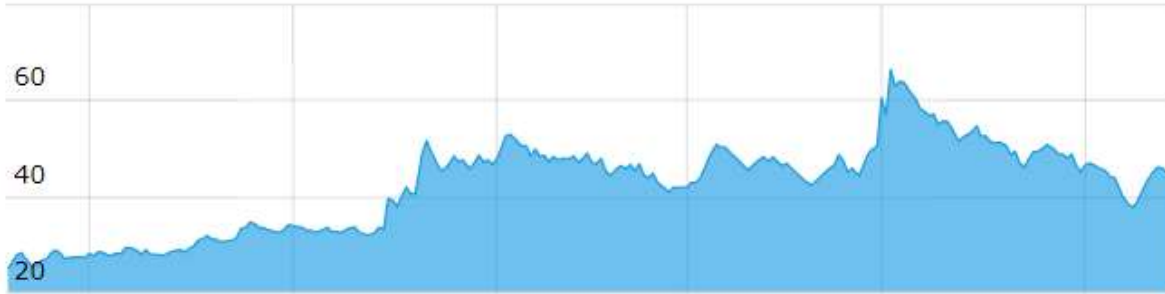
| MONTH | HIGH | LOW |
|----------------|-------|-------|
| April -2023 | 29.50 | 24.60 |
| May -2023 | 30.25 | 27.41 |
| June -2023 | 35.64 | 29.40 |
| July-2023 | 39.87 | 30.00 |
| August-2023 | 53.49 | 37.56 |
| September-2023 | 55.65 | 45.45 |
| October-2023 | 50.00 | 40.05 |
| November-2023 | 51.95 | 41.20 |
| December-2023 | 51.00 | 42.00 |
| January-2024 | 68.00 | 49.88 |
| February-2024 | 53.75 | 43.89 |
| March-2024 | 47.99 | 37.00 |

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

| MONTH | HIGH | LOW |
|----------------|-------|-------|
| April -2023 | 29.35 | 23.75 |
| May -2023 | 30.60 | 27.40 |
| June -2023 | 35.70 | 29.30 |
| July-2023 | 39.60 | 29.95 |
| August-2023 | 53.70 | 37.5 |
| September-2023 | 55.90 | 45.60 |
| October-2023 | 50.00 | 40.00 |
| November-2023 | 51.80 | 41.50 |
| December-2023 | 51.20 | 42.00 |
| January-2024 | 68.00 | 49.60 |
| February-2024 | 53.85 | 44.50 |
| March-2024 | 47.50 | 37.35 |

- i) **Trading of Securities:** The Securities of the Company were not suspended from trading at any time during the financial year 2023-24.

Performance in comparison to broad-based indices such as BSE senssex, NSE Sensexetc;



j) Registrar and Share Transfer Agent: LINK INTIME INDIA PRIVATE LIMITED

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

Fax No.: 022 49186060

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

k) Share Transfer System:

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

l) Distribution of Shareholding as at 31st March, 2024

| SHAREHOLDING OF NOMINAL SHARES | Shareholders | | Total Shares | |
|-----------------------------------|--------------|-------|--------------|------|
| | Nos. | % | Nos. | % |
| 1-500 | 14417 | 84.36 | 1656406 | 5.90 |
| 501-1000 | 1212 | 7.09 | 977224 | 3.49 |
| 1001-2000 | 641 | 3.75 | 987890 | 3.52 |
| 2001-3000 | 267 | 1.56 | 685826 | 2.44 |
| 3001-4000 | 105 | 0.61 | 376370 | 1.34 |



| | | | | |
|----------------|-----|------|----------|-------|
| 4001-5000 | 122 | 0.72 | 577712 | 2.06 |
| 5001-10000 | 164 | 0.96 | 1242111 | 4.43 |
| 100001 & above | 162 | 0.95 | 21550764 | 76.82 |

m) Dematerialization of Shares and Liquidity:

As at 31st March, 2024

| Total Fully paid up shares | No. of Shares in demat form | Percentage (%) | Shares in physical form | Percentage (%) |
|----------------------------|-----------------------------|----------------|-------------------------|----------------|
| 28054303 | 24867125 | 88.64% | 3187178 | 11.36% |

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

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

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

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

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

r) Address For Correspondence: 107, SahakarBhavan, Narshi Natha Street 340/348, Masjid Bunder, Mumbai- 400009

s) Credit Ratings: Ratings assigned in the FY 2023-24 as ACUITE BBB/ Outlook: Stable from ACUITE Ratings and Research.

10. DISCLOSURES:

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

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

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



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

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

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

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

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

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

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

g) Total fees for all services paid to the Statutory Auditors: The total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is Rs 1.78 Lakh.

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

a. number of complaints filed during the financial year - Nil

b. number of complaints disposed of during the financial year - Nil

c. number of complaints pending as on end of the financial year - Nil

i) Compliance of the requirement of Corporate Governance Report: During the Financial year 2023-24, the Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of the Point C of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

j) Disclosures with respect to demat suspense account/ unclaimed suspense account: The Company does have 20 securities lying in demat/unclaimed suspense account arising out of unclaimed shares as at 31st March, 2024, as of now three reminder under regulation 39(4) of SEBI (LODR) has been sent.

For and on behalf of Board of Directors

Mihir Ghatalia

Chairman & Managing Director

DIN: 00581005



CERTIFICATE OF CORPORATE GOVERNANCE

To,
The Members of **Aarey Drugs and Pharmaceuticals Limited**

I have examined the compliance of Corporate Governance by **Aarey Drugs and Pharmaceuticals Limited** ('the Company') for the year ended 31st March, 2024, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Listing Regulations') as referred to in Regulation 15(2) of the SEBI Listing Regulations for the year ended 31st March, 2024.

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

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

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

Date: 30th May, 2024

Place: Mumbai

UDIN: A001157F000501437

Virendra G. Bhatt
Practicing Company Secretary
ACS No.: 1157 / COP No.: 124
Peer Review Cert. No.: 1439/2021



CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To, The Board of Directors

AAREY DRUGS & PHARMACEUTICALS LTD

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

- (a) I have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2024 and based on our knowledge and belief, I state that:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - (ii) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) I further state that to the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company’s code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
- (i) Significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

Mira Mihir Ghatalia
Place: Mumbai
Chief Financial Officer

Date: 30th May, 2024



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its Officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs:

| Sr. No. | Name of the Director | DIN | Original Date of appointment | Date of Appointment at Current Designation |
|----------------|--------------------------------|------------|-------------------------------------|---|
| 1. | Bina Rajesh Ghatalia | 01471745 | 09/10/2023 | 29/12/2023 |
| 2. | Mihir Rajesh Ghatalia | 00581005 | 02/08/2004 | 09/02/2018 |
| 3. | Nimit Rajesh Ghatalia | 07069841 | 01/07/2020 | 28/12/2020 |
| 4. | Chetan Kiritbhai Mehta | 01639366 | 02/06/2008 | 02/06/2008 |
| 5. | Lalit Radhakrishna Tulsiani | 01652630 | 29/01/2020 | 28/12/2020 |



| | | | | |
|----|-------------|----------|------------|------------|
| 6. | Anil Mandal | 08291619 | 28/12/2020 | 01/07/2020 |
|----|-------------|----------|------------|------------|

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

Date: 04.05.2024

Place: Mumbai

UDIN: A001157F000306737

Virendra G. Bhatt
Practicing Company Secretary
ACS No.: 1157 / COP No.: 124
Peer Review Cert. No.: 1439/2021



DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

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

Dear Sir,

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

(a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I didnot have any material pecuniary relationship or transactions with the company, its promoter, its directors, senior management or its holding company, its subsidiary and associates as named in the annexure thereto which may affect my independence as director on the board of the company. I furtherdeclare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.

(b) I declare that I am not related to promoters or persons occupying management positions at the board level or at one level below the board and also have not been executive of the company in the immediately preceding three financial years.

(c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:

- (i) the statutory audit firm or the internal audit firm that is associated with the company and
- (ii) the legal firm(s) and consulting firm(s) that have a material association with the company

(d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the company i.e., owning two percent or more of the block of voting shares.

Thanking You,

Yours Faithfully,

- 1) Chetan K Mehta
- 2) Lalit R Tulsiani
- 3) Anil Mandal

Date: 30.05.2024

Place: Mumbai



INDEPENDENT AUDITOR'S REPORT

To the Members of AAREY DRUGS & PHARMACEUTICALS LTD

Report on the Audit of the Financial Statements

We have audited the Financial Statements of **AAREY DRUGS & PHARMACEUTICALS LTD** (“the Company”), which comprise the Balance Sheet as at 31st March 2024, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a Summary of Significant Accounting Policies and Other Explanatory Information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and profit/loss, changes in equity and its cashflows for the year ended on that date.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

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



2. We draw your attention to Note 36 of Balance sheet which states that which states that Closing Balances are relied upon as per books of accounts as there is absence of significant periodic balance confirmation for verification of outstanding balance of debtors and creditors. Debtors and Creditors Balances are subject to Confirmation. Debtors & Creditors Balances are as per Management representation and relied upon by the auditors. The consequential impact thereof on the account is not ascertainable.

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

KEY AUDIT MATTERS

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

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

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



| | |
|--|--|
| | <p>The outcomes of these tax litigations remain uncertain, and as of the date of our audit report, the Company has been unable to reliably estimate the timing of any cash outflows that may result from these litigations. The ultimate resolution of these matters may result in material adjustments to the financial statements in future periods.</p> <p>In light of the above, we examined the level of provisions recorded in financial statements.</p> |
|--|--|

OTHER MATTER

Loan to directors, its relatives or entities in which director is interested.

As per Section 185 of the companies Act, 2013, the company cannot provide loans directly or indirectly to any of its directors or relative of director or entities in which director is interested. If the company advances loan in contravention to Section 185, the company shall be punishable with fine which shall not be less than Rs. 5 Lakh but may extend to Rs.25 Lakh.

Company has provided loans to directors which is in non-compliance of section 185 of the Companies Act, 2013. Details of loans to directors are as follows :

| Particulars | Nature of relationship with the company | Amount | Balance as on 31.03.2024 |
|--------------------|---|-------------|--------------------------|
| Mihir Ghatalia | Managing Director | 2,00,00,000 | 0 |
| Nimit Ghatalia | Whole Time Director | 61,43,124 | 0 |
| Mira Ghatalia | Relative of Director and CFO | 2,02,14,229 | 0 |
| Chetan K Mehta | Independent Director | 13,48,216 | 0 |
| Bina Ghatalia | Relative of director | 44,92,000 | 0 |
| Mihir Ghatalia HUF | Entity in which director is interested | 1,03,00,000 | 0 |
| Ekta N Ghatalia | Relative of director | 10,00,000 | 0 |



RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit



evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.



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

3. Based on our examination carried out in accordance with the Implementation Guidance on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 issued by the Institute of Chartered Accountants of India, which included test checks, we report that the company has not used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has not been operated throughout the year for all relevant transactions recorded in the software.

- a. Further, during the course of our audit we were unable to check instance of the audit trail feature being tampered with. Our examination of the audit trail was in the context of an audit of financial statements carried out in accordance with the Standard of Auditing and only to the extent required by Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- b. We have not carried out any audit or examination of the audit trail beyond the matters required by the aforesaid Rule 11(g) nor have we carried out any standalone audit or examination of the audit trail.
- c. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.



For Motilal & Associates LLP
(a member firm of M A R C K S Network)
Chartered Accountants
ICAI FRN: 106584W/W100751

Rishabh Jain
(Partner)
ICAI MRN: 179547

Place: Mumbai
Date: 30th May 2024
UDIN: 24179547BKAVFK8374



ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

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

(i)

a)

(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company does not have any Intangible assets therefore maintenance of its records is not required.

b) The Company has a regular programme for physical verification of its Property, Plant and equipment by which its Property, Plant and equipment are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its Property, Plant and equipment. According to the information and explanations given to us, no material discrepancies were noticed on verification of the Property, Plant and equipment.

c) According to the information and explanations given to us, the title deeds of all the immovable properties included in financial statements are held in the name of the Company.

d) The Company has not revalued its Property, Plant and its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Therefore, reporting under the said clause is not required.

e) According to the information and explanations given to us, there are no proceedings initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii)

(a) The management has conducted physical verification of inventory at reasonable intervals during the year and the coverage and procedure of such verification done by the management is appropriate. No material discrepancies of 10% or more in the aggregate for each class of inventory were noticed during such physical verification.



(b) According to the information and explanations given to us, the Company has been sanctioned working capital limit in excess of 5 crore rupees in aggregate, from banks or financial institutions on the basis of security of current assets. There is difference between quarterly statements filed with banks and books of accounts.

| Month | Stock as per signed Stock statement submitted to bank | Stock as per Books of accounts | Difference | Reasons |
|-----------|---|--------------------------------|---------------|--|
| Sept 2023 | 22,37,28,716/- | 22,12,28,716/- | 25,00,000/- | The stock at customs bonded warehouse and catalyst given for job-work was not considered in the signed stock statement submitted to the bank as it was not known while preparing stock statements. |
| Dec 2023 | 26,91,85,328/- | 24,74,45,008/- | 2,17,40,319/- | Credit note passed after the stock statement was submitted to bank as on 31/12/2023 |

(i) According to the information and explanations given to us, the Company has granted unsecured loans, to various companies, firms, and other parties.

- (A) According to the information and explanations given to us the Company does not have any subsidiaries, joint ventures and associates hence not commented upon.
- (B) The aggregate amount of loans or advances during the year amounts to Rs.76,70,61,751.97/- and balance outstanding at the balance sheet date amounts to Rs.16,21,91,804/- with respect to such



loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates.

- (a) According to information and explanations given to us and based on the audit procedures performed by us, the terms and conditions of the loans and advances granted to the Parties at interest of 9% to 12% per annum however, they are not prejudicial to the Company's interest.
- (b) No schedule of repayment of principal has been stipulated. Therefore we cannot comment on the same.
- (c) The amount is not overdue for more than 90 days since it is repayable on Demand.
- (d) According to information and explanation and reasons given to us there are no such loans which are renewed or extended during the year and there are no fresh loans granted to settle the overdues of existing loans given to the same parties
- (e) According to information and explanation and reasons given to us , the Company has granted loans or advances in the nature of loans either repayable on demand or without specifying period of repayment of amount aggregating to Rs. 74,75,70,014.97/- .

| Particulars | Promoters | Related Parties | Others |
|---|---------------|-----------------|---------------|
| Aggregate amount of loans /advances in nature of loans - Repayable on demand | 5,12,04,444/- | 53,0,4,71,296/- | 165,894,275/- |
| Percentage of loans / advances in nature of loans to the total loans | 6.85% | 70.96% | 22.19% |

- (iv) (A) In our opinion and according to information and explanations given to us, the Company has advanced loans to Directors/Company in which the director is interested to which the provisions of Section 185 of the Companies Act, 2013 apply and details of the parties are as mentioned below -

| Name of Company/Party | Amount Involved | Balance as at balance sheet date |
|-----------------------|-----------------|----------------------------------|
| Mihir Ghatalia | 2,00,00,000/- | Nil |
| Nimit Ghatalia | 61,43,124/- | Nil |



| | | |
|--------------------|---------------|-----|
| Mira Ghatalia | 2,02,14,229/- | Nil |
| Chetan K Mehta | 13,48,216/- | Nil |
| Bina Ghatalia | 44,92,000/- | Nil |
| Mihir Ghatalia HUF | 1,03,00,000/- | Nil |
| Ekta N Ghatalia | 10,00,000/- | Nil |

(B) Also, in our opinion and according to the information and explanation given to us, the Company has not made investment and given guarantee/provided security which falls under the purview of section 186 of the Companies Act, 2013 and hence not commented upon.

(v) According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any deemed deposits as at 31st March, 2024 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

(vi) As per the information and explanation given to us, the maintenance of cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the Company and hence not commented upon.

(vii)

a) The Company has generally been regular in depositing undisputed statutory dues including Provident fund, Employees State Insurance, Income-tax, Goods & Service Tax, Sales-tax, Service Tax, Customs duty, Excise duty, Value Added Tax, cess and any other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales tax, Service Tax, Customs duty, Excise duty, Value Added Tax, cess and any other material statutory dues in arrears, as at March 31, 2024 for a period of more than six months from the date they became payable except for the following:

| Name of the statute | Nature of Dues | Amount | Period to which amount relates (Assessment Year) | Due Date | Date of Payment |
|----------------------|----------------------------|------------|--|---------------|------------------|
| Income Tax Act, 1961 | TDS Interest and late fees | 4,21,980/- | Prior years | Various Dates | Unpaid till date |



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| | | | | | |
|---------------------|-----------------------------------|---------------|---------|---------------|------------------|
| Income Tax Act,1961 | Outstanding Demand u/s 271(1)(c) | 13,256/- | 2000-01 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Demand u/s 271(1)(c) | 206/- | 2001-02 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Demand u/s 143(1)(a) | 15,60,633/- | 2011-12 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Demand u/s 143(1)(a) | 11,80,982/- | 2012-13 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Demand u/s 147 | 57,69,507/- | 2013-14 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Demand u/s 143(3) | 4,15,615/- | 2014-15 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Demand u/s 154 | 1,02,760/- | 2016-17 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Demand u/s 154 | 10,61,340/- | 2017-18 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Demand u/s 143(1)(a) | 2,47,29,750/- | 2018-19 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Demand u/s 143(1)(a) | 77,45,725/- | 2019-20 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Intimation u/s 143(1) | 1,62,48,860/- | 2020-21 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Intimation u/s 143(1) | 78,24,860/- | 2021-22 | Various Dates | Unpaid till date |
| Income Tax Act,1961 | Outstanding Demand u/s 143(1)(a) | 1,85,70,418/- | 2021-22 | Various Dates | Unpaid till date |



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| | | | | | |
|---------------------|---------------|------------|---------|---------------|------------------|
| Income Tax Act,1961 | IT Intimation | 65,760/- * | 2023-24 | Various Dates | Unpaid till date |
|---------------------|---------------|------------|---------|---------------|------------------|

* As per IT Intimation. Difference is due to Interest calculation.

- a) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2024 on account of dispute are given below:

| Name of the Statute | Nature of dues under section | Amount | Period to which the amount relates | Forum where dispute is pending |
|---------------------------------|-------------------------------------|-----------------|---|---------------------------------------|
| Income Tax Act,1961 | Outstanding demand u/s 250 | 31,36,130/-* | AY 2007-08 | CIT (A) |
| Income Tax Act,1961 | Outstanding demand u/s 143(3) | 19,54,180/-** | AY 2008-09 | CIT (A) |
| Income Tax Act,1961 | Outstanding demand u/s 143(3) | 1,15,50,010/-*# | AY 2008-09 | High Court |
| Income Tax Act,1961 | Outstanding demand u/s 254 | 87,77,290/-*## | AY 2009-10 | High Court |
| Income Tax Act,1961 | Outstanding demand u/s 271(1)(c) | 17,68,965/-*## | AY 2009-10 | CIT (A) |
| Goods and service Tax Act, 2017 | Demand Order u/s 73 | 8,62,09,504/- | FY 2017-18 | Joint Commissioners of State Tax. |
| Goods and service Tax Act, 2017 | Demand Order u/s 73 | 11,28,023/- | FY 2017-18 | Joint Commissioners of State Tax. |
| Goods and service Tax Act, 2017 | Demand Order u/s 73 | 28,34,168/- | FY 2018-19 | Deputy Commissioners of State Tax |
| Goods and service Tax Act, 2017 | Demand Order u/s 73 | 1,88,00,559/- | FY 2018-19 | Deputy Commissioners of State Tax |



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| | | | | |
|---------------------------------------|-----------------------------------|-------------|------------|--|
| Goods and service Tax Act, 2017 | Demand Order u/s 73 | 35,56,462/- | FY 2018-19 | Deputy Commissioners of State Tax |
| Goods and service Tax Act, 2017 | Demand Order u/s 73 | 8,80,589/- | FY 2019-20 | Deputy Commissioners of State Tax |
| Goods and service Tax Act, 2017 | Demand Order u/s 73 | 11,00,359/- | FY 2020-21 | Deputy Commissioners of State Tax |
| Goods and service Tax Act, 2017 | Intimation of liability u/s 73(5) | 7,70,047/- | FY 2021-22 | Deputy Commissioners of State Tax |
| Maharashtra Value Added Tax Act, 2002 | Order u/s 26 | 42,92,536/- | FY 2014-15 | Joint Commissioner of State Tax |
| Maharashtra Value Added Tax Act, 2002 | Order u/s 26 | 34,39,215/- | FY 2007-08 | Appeal Filed with Maharashtra State Tribunal |

Note:

(*) *As per Appeal Effect Order dated 03.04.2023*

(**) *The company has appealed against the demand of Rs. 19,54,180 in CIT(A) on 14/5/2022. But it was rejected hence appeal against ITAT will be filed.*

(*#) *ITAT Order Passed, Department has filed appeal against the Tribunal order with High Court Rs.3057224/- is duplicate liability.*

(**#) *Order passed against the company ITAT Appeal filing in Process.*

(###) *ITAT Order Passed, Department has filed appeal against the Tribunal order with High Court.*

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



(ix)

- (a) According to the information and explanations given to us and based on the audit procedures performed by us the Company has not defaulted in repayment of any loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, the Company is not a declared wilful defaulter by any bank or financial institution or other lender.
- (c) According to the information and explanations given to us, the Company does not have any term loans which applied for the purpose for which the loans were obtained hence, this clause not applicable for the Company.
- (d) According to the information and explanations given to us and based on the audit procedures performed by us, no instances were found where the funds raised on short term basis have been utilised for long term purposes.
- (e) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company and hence, not commented upon.
- (f) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company and hence, not commented upon.

(x)

- (a) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable to the Company and hence, not commented upon.
- (b) The company has made preferential allotment during the year. With respect to preferential allotment Company has allotted 26,69,619 shares of Rs. 10 each @ Rs. 37.8 each on preferential basis on 27th March, 2024. However, the consideration towards said allotment was not received till the balance sheet date i.e. 31st March 2024 and it was received after balance sheet date i.e. on 18th April 2024.

Therefore, for the financial year 2023-24, the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and since the funds were received after the



Financial year 2023-24, we cannot comment whether funds raised have been used for the purposes for which they were raised.

(xi)

- (a) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) To the best of our knowledge and according to the information and explanations given to us no whistle-blower complaints, have been received during the year by the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Consequently, provisions of clause 3(xii) of the Order are not applicable to the Company and hence, not commented upon.

(xiii) In our opinion and according to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of related party transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards.

(xiv)

- (a) The Company has an internal audit system in place which is sufficient with respect to its size and nature of the business.
- (b) The reports of the Internal Auditors for the period under audit were considered and no material observations were found in it.

(xv) According to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)

- (a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the period under review.



(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) The Company is not part of any group of companies therefore provisions of Paragraph 3(xvi)(d) is not applicable to the Company and hence not commented upon.

(xvii) The Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year. Hence, this clause is not applicable

(xviii) There has been no resignation of the statutory auditors during the year under review.

(xix) On the basis of information and explanations given to us and on basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(xx)

(a) On the basis of information and explanations given to us, the Company does not have any unspent amount, hence not transferred any unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

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

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

For Motilal & Associates LLP

(a member firm of M A R C K S Network)

Chartered Accountants

ICAI FRN: 106584W/W100751

Rishabh Jain

(Partner)

ICAI MRN: 179547

Place: Mumbai

Date: 30th May 2024

UDIN: 24179547BKAVFK8374



ANNEXURE“B” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

We have audited the internal financial controls over financial reporting of AAREY DRUGS & PHARMACEUTICALS LTD (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR’S RESPONSIBILITY

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

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



risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



For Motilal & Associates LLP

(a member firm of M A R C K S Network)

Chartered Accountants

ICAI FRN: 106584W/W100751

Rishabh Jain

(Partner)

ICAI MRN: 179547

Place: Mumbai

Date: 30th May 2024

UDIN: 24179547BKAVFK8374```



Notes To Accounts

1. Company Overview

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

2. Significant accounting policies

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

2.1. Compliance with Indian Accounting Standards

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

For all periods up to and including the year ended 31 March 2017, the Company has prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (“Previous GAAP”).

2.2. Basis of Preparation and Presentation

Historical cost convention

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

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

Functional and Presentation Currency

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

Classification of Assets and Liabilities into Current/Non-Current

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



An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

2.3. Use of Estimates

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

2.4. Property, Plant and Equipment (PPE)

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



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

2.5. Intangible Assets

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

2.6. Impairment of Assets

i. Financial Assets

The Company recognizes loss allowances using the expected credit losses (ECL) model for the financial assets which are not fair valued through statement of profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in such case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit and loss.

ii. Non-Financial Assets

Intangible Assets and Property, Plant and Equipment

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



independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

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

iii. Share Capital

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

2.7. Financial Instruments

i. Investments and other financial assets

Initial recognition and measurement

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

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

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive



income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Equity investments

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

Derecognition

A financial asset is derecognised only when:

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

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

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

Offsetting Financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and



there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

ii. **Financial Liabilities**

Classification as debt or equity

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

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Borrowings: Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. They are subject to confirmation and reconciliation and consequential adjustments, if any.

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

Derecognition



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

iii. Share Capital

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

2.8. Revenue recognition

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

Revenue from sales of goods

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

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

Revenue from Contract Income

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

Where the outcome of the construction cannot be estimated reliably, revenue is recognized to the extent of the construction cost incurred if it is probable that they will be recoverable. In



the case of the contract defined with mile stones and assigned price for each mile stone, it recognize the revenue on transfer of significant risks and rewards which coincides with achievement of mile stone and its acceptance by the customers.

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

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

Other Revenue is recognized as follow:

i. Finance Income:

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

ii. Dividend

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

2.9. Inventories

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

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

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

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



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

2.10. Cash and Cash equivalents

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

2.11. Income Tax

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

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

2.12. Employee Benefit Expense

Short-term / long term obligations

All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of



Profit and Loss/ Capital Work-in-Progress, as applicable. The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognised as liability at the net present value.

Defined contribution plan

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

2.13. Provisions, contingent liabilities and contingent assets

Provision

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

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

Contingent liabilities

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

The Company has various tax litigations pending before various authorities, the outcome of which are material but not practicable for the Company to estimate the timings of cash outflows. .

Contingent Assets

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

2.14. Earning per share

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



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

2.15. Cash Flow statement

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

2.16. Foreign Currency Transactions

Functional Currency

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

Transactions and Translations

in a foreign currency and measured at fair value are translated at the Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. The monetary items such as debtors and creditors are valued at closing rate on 31st march 2023 at the rate of Rs 82.17 per dollar .

2.17. Leases

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

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



the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

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

For Motilal & Associates LLP.
(a member firm of M A R C K S Network)
Chartered Accountants
ICAI FRN : 106584W/W100751

For and on Behalf of the Board of Directors
For Aarey Drugs And Pharmaceuticals Limited
CIN: L99999MH1990PLC056538

Rishabh Jain
Partner
Membership. No. 179547

Mihir Rajesh Ghatalia
Managing Director
DIN: 00581005

Nimit R. Ghatalia
Director
DIN: 07069841

Place : Mumbai
Date : 30th May 2024



AAREY DRUGS & PHARMACEUTICALS LIMITED
ANNUAL REPORT 2023-24

Balance Sheet as at 31st March 2024

(Amount in Lakhs)

| Particulars | Note No. | As at 31st March, 2024 | As at 31st March, 2023 |
|--|----------|---------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, Plant and Equipment | 3 | 1,296.11 | 1,393.68 |
| (b) Financial Assets | | | - |
| (i) Investments | 4 | 138.00 | 40.00 |
| (ii) Loans and Advances | 5 | 70.50 | 77.81 |
| (iii) Other financial assets | 6 | 566.13 | 560.38 |
| Current assets | | | |
| (a) Inventories | 7 | 3,467.57 | 2,881.92 |
| (b) Financial Assets | | | - |
| (i) Trade receivables | 8 | 18,447.77 | 18,977.97 |
| (ii) Cash and cash equivalents | 9 | 159.44 | 70.58 |
| (iii) Loans and Advances | 10 | 1,551.42 | 901.24 |
| (iv) Other financial assets | 11 | 129.54 | 41.80 |
| (c) Other current assets | 12 | 4,502.93 | 4,187.06 |
| Total Assets | | 30,329.41 | 29,132.45 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 13 | 2,805.43 | 2,538.47 |
| (b) Other Equity | 14 | 10,225.41 | 8,970.87 |
| (c) Share application money pending allotment | | 246.50 | 231.50 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15 | 322.44 | 436.06 |
| (b) Deferred tax liabilities (Net) | 16 | 74.94 | 141.51 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 17 | 2,812.79 | 3,335.75 |
| (ii) Trade Payables:- | | - | - |
| Total outstanding dues of micro enterprises and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 18 | 12,894.30 | 12,733.15 |
| (iii) Other financial liabilities | 19 | 0.47 | 0.47 |
| (b) Other current liabilities | 20 | 540.64 | 217.17 |
| (c) Provisions | 21 | 273.99 | 349.19 |
| (d) Current Tax Liabilities (Net) | 22 | 132.50 | 178.32 |
| Total Equity and Liabilities | | 30,329.41 | 29,131.31 |

See accompanying notes forming Part of Financial Statement

2

For Motilal and Associates LLP
(a member firm of M A R C K S Network)
Chartered Accountants
ICAI FRN : 106584W/W100751

For Aarey Drugs and Pharmaceuticals Limited
(CIN : L99999MH1990PLC056538) (0.00)

Rishabh Jain
Partner
Membership No. 179547

Nimit R Ghatalia **Mihir R Ghatalia**
Director Managing Director
DIN: 07069841 DIN: 00581005 96 | Page

Date : 30th May 2024
Place : Mumbai

Mira M Ghatalia **Preeti Rathi**
CFO CS



AAREY DRUGS & PHARMACEUTICALS LIMITED
ANNUAL REPORT 2023-24

Statement of Profit and Loss for the year ended 31st March 2024

(Amount in Lakhs)

| Particulars | Note No. | As at 31st March 2024 | As at 31st March 2023 |
|---|----------|--------------------------|--------------------------|
| Revenue From operations | 23 | 39,561.79 | 41,895.61 |
| Other Income | 24 | 696.49 | 272.94 |
| Total Income | | 40,258.28 | 42,168.56 |
| Expenses | | | |
| Cost of materials consumed | | - | - |
| Purchases of Stock-in-Trade | 25 | 38,775.52 | 41,897.59 |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | 26 | (585.66) | (1,513.52) |
| Employee benefits expense | 27 | 71.84 | 81.02 |
| Finance costs | 28 | 437.53 | 286.71 |
| Depreciation and amortization expenses | 29 | 169.80 | 157.38 |
| Other expenses | 30 | 854.96 | 658.43 |
| Total expenses | | 39,723.99 | 41,567.59 |
| Profit/(loss) before exceptional items and tax | | 534.29 | 600.96 |
| Exceptional Items | | - | - |
| Profit/ (loss) before exceptions items and tax | | 534.29 | 600.96 |
| Tax Expenses | | | |
| Short/(excess) provision for earlier years | 31 | - | 49.57 |
| Current Tax | 32 | 132.50 | 178.32 |
| Deferred Tax | 33 | (66.57) | (4.03) |
| Profit (Loss) for the period from continuing operations | | 468.37 | 377.11 |
| Profit/(loss) from discontinued operations | | - | - |
| Tax expenses of discontinued operations | | - | - |
| Profit/(loss) from Discontinued operations (after tax) | | - | - |
| Profit/(loss) for the period | | 468.37 | 377.11 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | - | - |
| Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| Items that will be reclassified to profit or loss | | - | - |
| Income tax relating to items that will be reclassified to profit or loss | | - | - |
| Total Comprehensive Income for the period Comprising Profit (Loss) and Other comprehensive Income for the period | | 468.37 | 377.11 |
| Earnings per equity share (for discontinued operation) | 41 | | |
| Basic | | | - |
| Diluted | | | - |
| Earning per equity share (for discontinued & continuing operation) | | | |
| Basic | | 184,295.78 | 1.49 |
| Diluted | | 184,295.78 | 1.49 |

See accompanying notes forming Part of Financial Statement

2

For Motilal and Associates LLP
(a member firm of M A R C K S Network)
Chartered Accountants
ICAI FRN : 106584W/W100751

For Aarey Drugs and Pharmaceuticals Limited
(CIN : L99999MH1990PLC056538)

Rishabh Jain
Partner
Membership No. 179547

Nimit R Ghatalia
Director
DIN: 07069841

Mihir R Ghatalia
Managing Director
DIN: 00581005

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Date : 30th May 2024
Place : Mumbai

Mira M Ghatalia
CFO

Preeti Rathi
CS



AAREY DRUGS & PHARMACEUTICALS LIMITED
ANNUAL REPORT 2023-24

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2024

(Amount in Lakhs)

| | Particulars | Year ended 31st MARCH,2024 | Year ended 31st MARCH,2023 |
|-----------|---|-------------------------------|-------------------------------|
| A. | Cash Flow from Operating Activities | | |
| | Net profit before Tax as per Profit & Loss Account | 534.29 | 600.96 |
| | Adjusted for: | | |
| | Deferred Tax | (66.57) | |
| | Depreciation | 169.80 | 157.38 |
| | Finance Cost | 437.53 | 286.71 |
| | Operating Profit before Working Capital Changes | 1,075.04 | 1,045.05 |
| | Adjusted for: | | |
| | (Increase)/ Decrease in Inventories | (585.66) | (1,513.52) |
| | (Increase)/ Decrease in Trade receivables | 530.20 | (5,349.67) |
| | (Increase)/ Decrease in Current Loans and advances | (650.17) | (899.24) |
| | (Increase)/ Decrease in Other Current assets | (315.87) | 2,676.74 |
| | Increase/ (Decrease) in Other financial assets | (87.73) | - |
| | Increase/ (Decrease) in Provisions | (48.55) | 87.26 |
| | Increase/ (Decrease) in current tax liabilities | (45.82) | (82.39) |
| | Increase/ (Decrease) in Trade Payables | 161.16 | 1,767.00 |
| | Increase/ (Decrease) in Short Term Borrowings | (522.96) | 2,253.50 |
| | Increase/ (Decrease) in Other Current Liabilities | 323.47 | 115.05 |
| | Increase/ (Decrease) in Other financial liabilities | - | - |
| | | (166.88) | 99.77 |
| | Less: Taxes Paid | 132.50 | 227.88 |
| | Cash Flow from Operating Activities (A) | (299.38) | (128.11) |
| B. | Cash Flow from Investing Activities | | |
| | Purchase of Fixed Assets | (72.23) | (104.40) |
| | FD with Banks | | |
| | Sale of F.A. | | |
| | Maturity of deposits | | 190.30 |
| | Investment in shares | (98.00) | (41.80) |
| | Statutory deposits made | | - |
| | Net Cash used in Investing Activities (B) | (170.23) | 44.10 |
| C. | Cash Flow from Financing Activities | | |
| | Issue of Equity share Capital | | |
| | Repayment Received from Long term loans & advances (asset) | 7.31 | 320.05 |
| | Deposits made | (5.75) | - |
| | Long term loans repaid | (113.62) | 102.06 |
| | Preferential issue of equity shares | 266.96 | - |
| | Finance Cost | (437.53) | (286.71) |
| | Money received against share warrant pending allotment | 56.70 | - |
| | Security Premium on Issue of Shares | 784.40 | - |
| | Net Cash used in Financing Activities (C) | 558.48 | 135.40 |
| | Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C) | 88.86 | 51.38 |
| | Opening Balance of Cash and Cash Equivalents | 70.58 | 19.19 |
| | Closing Balance of Cash and Cash Equivalents | 159.44 | 70.58 |

Notes:

- 1 The above Cash flow Statement has been prepared under the "Indirect Method" set out in Ind AS-7 on Statement of Cash flow.
- 2 Previous year figures have been reclassified to confirm with current Year's presentation, wherever applicable.
- 3 This is the cashflows Statement referred to in our report of even date.

For Motilal and Associates LLP
(a member firm of M A R C K S Network)
Chartered Accountants
ICAI FRN : 106584W/W100751

For Aarey Drugs and Pharmaceuticals Limited
(CIN : L99999MH1990PLC056538)

Rishabh Jain
Partner
Membership No. 179547

Nimit R Ghatalia
Director
DIN: 07069841

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Mihir R Ghatalia
Managing Director
DIN: 00581005

Date : 30th May 2024
Place : Mumbai

Mira M Ghatalia
CFO

Preeti Rathi
CS



Statement of Changes in Equity for the year ended 31 March 2024

(Amount in Lakhs)

Equity Share Capital

For the year ended 31 March 2024

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|--|--|---|
| 2,538.47 | - | 2,538.47 | 266.96 | 2,805.43 |

For the year ended 31 March 2024

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|--|--|---|
| 2,538.47 | - | 2,538.47 | - | 2,538.47 |



AAREY DRUGS & PHARMACEUTICALS LIMITED
ANNUAL REPORT 2023-24

Property, Plant and Equipment

(Amount in Lakhs)

| Particulars | Land | Buildings | Plant and Equipment | Furniture and Fixtures | Computer | Electronic Equipments | Laboratory Equipment | Cell Phones | Motor car | Office Premises and Air Condition | Total |
|--|--------------|---------------|---------------------|------------------------|--------------|-----------------------|----------------------|-------------|--------------|-----------------------------------|-----------------|
| Gross Carrying Amount 31 March 2023 | | | | | | | | | | | |
| Opening Gross Carrying Amount | 37.93 | 300.07 | 2,792.22 | 39.65 | 13.25 | 14.73 | 1.48 | 4.12 | 22.46 | 91.08 | 3,316.99 |
| Additions | - | - | 71.32 | - | 0.22 | - | - | 0.69 | - | - | 72.23 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| Closing gross carrying amount | 37.93 | 300.07 | 2,863.54 | 39.65 | 13.47 | 14.73 | 1.48 | 4.81 | 22.46 | 91.08 | 3,389.22 |
| Accumulated Depreciation | | | | | | | | | | | |
| Opening Accumulated Depreciation | 2.27 | 255.10 | 1,510.91 | 27.44 | 11.78 | 10.44 | 1.32 | 0.76 | 20.12 | 83.17 | 1,923.31 |
| Depreciation charged during the year | - | 2.91 | 159.94 | 2.15 | 0.67 | 0.76 | - | 0.45 | 0.50 | 2.43 | 169.80 |
| Closing Accumulated Depreciation | 2.27 | 258.01 | 1,670.85 | 29.59 | 12.45 | 11.20 | 1.32 | 1.21 | 20.62 | 85.60 | 2,093.11 |
| Net carrying amount 31 March 2024 | 35.66 | 42.06 | 1,192.69 | 10.06 | 1.02 | 3.54 | 0.16 | 3.60 | 1.84 | 5.49 | 1,296.11 |
| Net carrying amount 31 March 2023 | 35.66 | 44.97 | 1,281.31 | 12.21 | 1.47 | 4.29 | 0.16 | 3.36 | 2.34 | 7.92 | 1,393.68 |

NOTES

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

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



AAREY DRUGS & PHARMACEUTICALS LIMITED
ANNUAL REPORT 2023-24

Schedule forming part of Balance Sheet as at 31st March, 2024

(Amount in Lakhs)

Note 4 : Investments

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|------------------------------------|------------------------|------------------------|
| Shares of Transmedia Software Ltd | 40.00 | 40.00 |
| shares in worth investment Pvt ltd | 98.00 | |
| Total | 138.00 | 40.00 |

Note 5 : Loans (Non - Current assets)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|--------------------------|------------------------|------------------------|
| loans to related parties | 0.36 | 0.36 |
| loans to other parties | 70.14 | 77.45 |
| Total | 70.50 | 77.81 |

| 5.1 Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|--|------------------------|------------------------|
| (a) Loans Receivables considered good - Secured | - | - |
| (b) Loans Receivables considered good - Unsecured | 70.50 | 77.81 |
| (c) Loans Receivables which have significant increase in Credit Risk | - | - |
| (d) Loans Receivables - credit impaired | - | - |
| Total | 70.50 | 77.81 |

5.2

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

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

| Type of Borrower | Amount of loan or advance in the nature of loan outstanding | Percentage to the total Loans and Advances in the nature of loans |
|------------------|---|---|
| Directors | 0.36 | 0.51% |

Note 6 : Other financial assets

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|-----------------------|-----------------------|
| Security Deposits | 51.06 | 45.31 |
| Bank deposits with more than 12 months maturity | 0.84 | 0.84 |
| Statutory Deposits | 514.23 | 514.23 |
| Total | 566.13 | 560.38 |

Note 7 : Inventories

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|------------------------|------------------------|
| Raw materials | 1,069.78 | 710.18 |
| Work-in-progress | 80.57 | 174.72 |
| Finished goods | 521.78 | 1,070.49 |
| Stock-in-trade (in respect of goods acquired for trading) | 1,795.45 | 926.52 |
| Stores and spares | - | - |
| Loose tools; and | - | - |
| Others | - | - |
| Total | 3,467.57 | 2,881.92 |

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



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Note 8 : Trade Receivables

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|------------------------|------------------------|
| Trade Receivables | 18,447.77 | 18,977.97 |
| Provisions for Expected credit loss | | |
| Debts due by Directors or other officers of the Company | | - |
| Total | 18,447.77 | 18,977.97 |

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

| 8.1 | Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|-----|---|------------------------|------------------------|
| | Trade Receivables considered good - Secured | | - |
| | Trade Receivables considered good - Unsecured | 18,447.77 | 18,977.97 |
| | Trade Receivables which have significant increase in Credit Risk; and | | - |
| | Trade Receivables - credit impaired. | | - |
| | Total | 18,447.77 | 18,977.97 |

Trade Receivables ageing schedule

| | Outstanding for following periods from due date of payment | | | |
|--|--|-------------------|-------------------|-----------|
| | Less than 6 months | 6 months - 1 year | More than 3 years | Total |
| Undisputed Trade receivables — considered good | 16,460.53 | 1,987.24 | | 18,447.77 |

Note 9 : Cash and Cash Equivalents

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|-------------------------------|------------------------|------------------------|
| Cash Balance | 149.38 | 69.73 |
| Bank balance with current a/c | 10.06 | 0.85 |
| Total | 159.44 | 70.58 |

Note 10 : Loans (Current assets)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|--------------------------|------------------------|------------------------|
| Loans to related parties | 150.20 | 820.52 |
| Other parties | 1,401.22 | 80.73 |
| Total | 1,551.42 | 901.24 |

| 10.1 | Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|------|--|------------------------|------------------------|
| | Loans Receivables considered good - Secured | - | - |
| | Loans Receivables considered good - Unsecured | 1,551.42 | 901.24 |
| | Loans Receivables which have significant increase in Credit Risk | - | - |
| | Loans Receivables - credit impaired. | - | - |
| | Total | 1,551.42 | 901.24 |

Note 11 : Other current financial assets

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|----------------|------------------------|------------------------|
| Fixed Deposits | 129.54 | 41.80 |



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Note 12 : Other Current Assets

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|--|------------------------|------------------------|
| Advance to suppliers for Goods | 3,731.80 | 3,636.02 |
| Advance towards Expenses | 274.67 | 246.27 |
| Misc Expenditure not yet written off | 2.65 | 2.65 |
| Gst Paid under Protest | 26.12 | 24.61 |
| MVAT Refundable | 0.61 | 0.61 |
| Income tax Paid under protest (Appeal Deposit) | 242.37 | 46.71 |
| The Commissioner of Customs | 2.83 | 2.83 |
| DEPB- duty entitlement | 0.96 | 0.96 |
| Sales Tax- Paid | 139.41 | 139.41 |
| Excise/Custom Duty Receivable | 2.72 | 2.72 |
| TDS/TCS receivable | 78.80 | 84.29 |
| Total | 4,503 | 4,187 |

Note 13 Equity Share Capital

| Particulars | (Amount in Lakhs) | | | |
|--|---------------------|----------|---------------------|----------|
| | As at 31 March 2024 | | As at 31 March 2023 | |
| | No of Shares | Amount | No of Shares | Amount |
| Authorised Share Capital : | | | | |
| 25,500,000 (P.Y. 25,000,000) Equity Shares of Rs. 10/- each | 35,500,000 | 3,550.00 | 25,500,000 | 2,550.00 |
| Issued, subscribed and fully paid, and subscribed but not fully paid; | | | | |
| 2,80,54,303 (P.Y. 2,53,84,684) Equity Shares of Rs. 10/- each fully paid up | 28,054,303 | 2,805.43 | 25,384,684 | 2,538.47 |
| Note | | | | |
| 1. The company has increased its authorised share capital to 3,55,00,000 equity shares of Rs. 10 each pursuant to Board resolution dated 31st July 2023 and approved by members in 33rd AGM on 5th September 2023 | | | | |
| Terms / Rights attached to equity shares | | | | |
| The Company has only one class of equity share having par value of Rs 10 per share. Each holder of equity share is entitled to one vote per share held. All the equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities in proportion to their shareholding. | | | | |

Details of shareholders having more than 5% of the total equity shares of the Company

| Class of shares/Name of shareholder | As at 31st March 2024 | | As at 31st March 2023 | |
|-------------------------------------|-----------------------|--------------|-----------------------|--------------|
| | No of Shares | % Held | No of Shares | % Held |
| Mihir Rajesh Ghatalia | 2835388 | 10.11 | 2,835,388 | 11.17 |
| Suraj Tradelinks Private Limited | 2010000 | 7.16 | 2,010,000 | 7.92 |
| Nimit Impex Private Limited | 2010000 | 7.16 | 2,010,000 | 7.92 |
| Bina Rajesh Ghatalia | 4003584 | 14.27 | 4,003,584 | 15.77 |
| Total | 10,858,972 | 38.70 | 10,858,972 | 42.78 |



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| A reconciliation of the number of shares outstanding at the beginning and at the end of the period: | | | | | |
|--|----------------------------------|-----------------|-----------------------|--------------------------|--|
| Particulars | As at 31st March 2024 | | As at 31st March 2023 | | |
| | No of Shares | Amount | No of Shares | Amount | |
| Outstanding at the beginning of the year | 25,384,684 | 2,538.47 | 25,384,684 | 2,538.47 | |
| Add: Fresh Issue | 2,669,619 | 266.96 | - | - | |
| Outstanding at the end of the year | 28,054,303 | 2,805.43 | 25,384,684 | 2,538.47 | |
| Details of Shareholding of Promoters and Promoter Group | | | | | |
| SI No | Promoter Name | No. of Shares | % of total shares | % Change during the year | |
| 1 | Bina Rajesh Ghatalia | 4,003,584 | 14.27 | 1.50% | |
| 2 | Mihir Rajesh Ghatalia | 2,835,388 | 10.11 | 1.06% | |
| 3 | Nimit Rajesh Ghatalia | 1,150,000 | 4.1 | - | |
| 4 | Mira Mihir Ghatalia | 690,000 | 2.46 | - | |
| 5 | Rajesh Pranlal Ghatalia | 2,971 | 0.01 | - | |
| 6 | Nimit Impex Private Limited | 2,010,000 | 7.16 | 0.76% | |
| 7 | Suraj Tradelinks Private Limited | 2,010,000 | 7.16 | 0.76% | |

| Note 14 Other Equity | | | | | | | |
|---|---|-----------------------|--------------------|---------------------------------|----------|-------------------|--------------------------|
| For the year ended 31st March 2024 | | | | | | | <i>(Amount in Lakhs)</i> |
| Particulars | Share application money pending allotment | Reserves and Surplus | | | | Retained Earnings | Total |
| | | Capital Total Reserve | Securities Premium | Other Reserves (specify nature) | | | |
| Balance at the beginning of the current reporting period | 231.50 | 20.00 | 4,108.42 | - | 4,842.45 | 9,202.37 | |
| Changes in accounting policy or prior period errors | | - | - | | | | |
| Restated balance at the beginning of the current reporting period | 231.50 | 20.00 | 4,108.42 | - | 4,842.45 | 9,202.37 | |
| Total Comprehensive Income for the current year | | | | | - | - | |
| Dividends | | | | | | - | |
| Money received on account of share warrants | 15.00 | | | | | | |
| Transfer to retained earnings | | | | | 468.37 | 468.37 | |
| Security premium on Preferential allotment done during the year | | | 784.40 | | | 784.40 | |
| Balance at the end of the current reporting period | 246.50 | 20.00 | 4,892.82 | - | 5,310.81 | 10,225.41 | |

Notes

1. The Company has allotted 2669619 shares of Rs. 10 each @ Rs. 37.8 each on preferential basis and 6,00,000 warrants of Rs. 10 each convertible into one share of Rs. 10 each @ Rs. 37.8 each on 27th March, 2024

2. The Company has received only 25% Consideration on allotment of warrants as on 31st March 2024 and remaining 75% Consideration on 18th April 2024



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| For the year ended 31st March 2023 | | | | | | |
|---|---|-----------------------|--------------------|---------------------------------|-------------------|---------------|
| Particulars | Share application money pending allotment | Reserves and Surplus | | | | Total |
| | | Capital Total Reserve | Securities Premium | Other Reserves (specify nature) | Retained Earnings | |
| Balance at the beginning of the current reporting period | 231.50 | 20.00 | 4,108.42 | | 4,465.34 | 8,825.26 |
| Changes in accounting policy or prior period errors | - | | | | | |
| Restated balance at the beginning of the current reporting period | 231.50 | 20.00 | 4,108.42 | | 4,465.34 | 8,825.26 |
| Total Comprehensive Income for the current year | - | | | | 377.11 | 377.11 |
| Any other change (to be specified) | | | | | | |
| Balance at the end of the current reporting period | 231.50 | 20.00 | 4,108.42 | - | 4,842.45 | 9,202.37 |

Note No

23 Revenue from operations

| Sr No. | Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------|---------------------|---------------------|---------------------|
| | Sale of goods | 39,561.79 | 41,425.29 |
| | Commission received | 202.99 | 470.33 |
| | TOTAL | 39,764.78 | 41,895.61 |

24 Other income

| Sr No. | Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------|--|---------------------|---------------------|
| 1 | Interest Income against trade advances | 483.80 | 259.22 |
| 2 | Interest on late payment | 0.06 | 2.82 |
| 3 | Interest from bank | 3.49 | 1.27 |
| 4 | Storage income | 1.14 | 9.55 |
| 5 | Discount Income | - | 0.07 |
| 6 | Loading Charges Income | 0.02 | - |
| 7 | Foreign exchange Gain | 4.86 | - |
| 8 | Detention charges | 0.12 | - |
| | TOTAL | 493.38 | 272.94 |

25 Purchases of Stock-in-Trade

| Sr No. | Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------|-----------------|---------------------|---------------------|
| 1 | Purchases | 38,122.75 | 41,267 |
| 2 | Direct expenses | 652.77 | 631 |
| | TOTAL | 38,776 | 41,898 |

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



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

| Sr No. | Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------|-----------------------------|---------------------|---------------------|
| 1 | Closing of finished goods | 521.78 | 1,070.49 |
| 2 | Closing of stock-in-trade | 1,795.45 | 926.52 |
| 3 | Closing of work-in-progress | 80.57 | 174.72 |
| 4 | Closing stock of material | 1,069.78 | 710.18 |
| | Total | 3,467.57 | 2,881.92 |
| 5 | Opening of finished goods | 1,070.49 | 357.44 |
| 6 | Opening of stock-in-trade | 926.52 | 493.41 |
| 7 | Opening of work-in-progress | 174.72 | 25.58 |
| 8 | Opening stock of material | 710.18 | 491.96 |
| | Total | 2,881.92 | 1,368.39 |
| | TOTAL | (585.66) | (1,513.52) |

27 Employee Benefits Expenses

| Sr No. | Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------|-------------------------------------|---------------------|---------------------|
| | Salaries and Wages | 46.45 | 55.76 |
| | Director Remuneration | 9.00 | 9.00 |
| | Directors perquisites | 9.13 | 9.28 |
| | Workmens and Staff Welfare Expenses | 3.90 | 3.08 |
| | Bonus | 1.83 | 2.04 |
| | Medical expenses | 0.38 | 0.53 |
| | Employer Contribution to ESIC | 0.56 | 0.72 |
| | PF admin Charges | 0.58 | 0.61 |
| | TOTAL | 71.84 | 81.02 |

28 Finance Costs

| Sr No. | Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------|-------------------------|---------------------|---------------------|
| | Processing charges | 4.13 | 25.17 |
| | Bank Charges | 2.38 | 6.30 |
| | Bank inspection charges | 0.02 | 0.30 |
| | LC discounting charges | 11.46 | 0.92 |
| | Interest on Cash credit | 365.16 | 207.11 |
| | Interest on other loans | 24.44 | 15.14 |
| | Interest on Bank Loans | 29.94 | 31.78 |
| | TOTAL | 437.53 | 286.71 |

29 Other Expenses

| Sr No. | Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------|--|---------------------|---------------------|
| | Advertisement | 0.26 | 0.21 |
| | Audit Fees (Refer note 30.1) | 1.78 | 3.28 |
| | Commission and Brokerage | 90.05 | 76.52 |
| | Listing Fees | 7.20 | 3.10 |
| | Warehouse Charges | 4.70 | 3.31 |
| | Postage & Courier | 1.57 | 0.63 |
| | Transportation Charges | 107.09 | 114.58 |
| | Notary/ Franking & Stamp Paper Charges | 0.44 | 0.15 |
| | Office Rent | 53.23 | 48.79 |



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| | | |
|---|---------------|---------------|
| Air Conditioner Expenses | 0.67 | 0.80 |
| Electricity expenses | 3.30 | 3.46 |
| Computer Expenses | 0.84 | 1.18 |
| Foreign exchange loss | 5.24 | 44.86 |
| Telephone Expenses | 1.05 | 1.13 |
| Discount Exp | 1.12 | 0.40 |
| CSR Expenses | 17.05 | 16.35 |
| Custodial fees | 9.03 | 4.18 |
| Legal & Professional Charges | 30.92 | 33.80 |
| Certification charges | 0.54 | - |
| Fees, license & subscription | 3.95 | 0.48 |
| E-Voting charges | - | 0.18 |
| Motor car expenses | 3.70 | 5.26 |
| Printing & Stationary Exps. | 1.65 | 1.51 |
| Insurance expenses | 6.31 | 5.36 |
| Donation | 0.68 | 5.50 |
| RTA Expenses | 2.29 | 1.63 |
| Miscellaneous Expenses | 0.99 | - |
| Office expenses | 1.97 | 2.72 |
| Witten Back / Write Off | 1.89 | 4.56 |
| Filing Fees | 8.66 | 0.02 |
| Stamp Duty Expenses | 36.81 | 15.21 |
| Storage Exp | 346.74 | 18.35 |
| Excise and Custom Duty | 51.50 | 140.31 |
| Import Expenses | 15.44 | 26.74 |
| Export Expenses | 6.18 | 7.43 |
| Clearing and Forwarding Charges | 1.00 | 6.22 |
| Loading and Unloading Exp | 3.68 | 3.14 |
| Food and Drugs license | - | 0.10 |
| Rates and Taxes paid or payable to Govt | 2.07 | 10.16 |
| Repairs & Maintainance | 4.44 | 2.84 |
| Sales promotion including publicity | 16.80 | 25.38 |
| Travelling Expenses | 1.69 | 6.10 |
| Diwali Expenses | 0.28 | 0.63 |
| Compensation to Death of Employee | - | 5.00 |
| Conveyance Expenses | 0.16 | 0.21 |
| GST- Maharashtra interest and penalty | - | 6.12 |
| TOTAL | 854.96 | 657.88 |

30 Details of Payment to auditors

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|----------------------------|---------------------|---------------------|
| Payments to the auditor as | | |
| (a) Statutory Auditor | 1.50 | 1.50 |
| (b) Internal Auditor | 0.28 | - |
| TOTAL | 1.78 | 1.50 |



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Note 15 : Long term Borrowings

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---------------------|---------------------|
| Loan from Banks | | |
| Additional Working Capital Term Loan (Secured with first charge on asset financed under the scheme having term of 4 years with 1 Year Moratorium Period and principal to be repaid in 36 equal monthly installments .Maximum Interest rate is 7.5% Per annum). | 168.35 | 269.06 |
| Working capital Term Loan (Secured with first charge on assets financed under the scheme and second charge with existing facilities in terms of cash flows and securities Having Maximum interest rate 9.25 % with moratorium period of 2 years and Principal to be repaid in 36 equal monthly installments after the moratorium period) | 154.08 | 167.00 |
| Total | 322.44 | 436.06 |

Note 16 : Deferred tax liabilities (Net)

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---------------------|---------------------|
| Closing WDV as per Companies Act | 1216.375818 | 1,393.68 |
| Closing WDV as per Income tax Act | 928.1529934 | 849.40 |
| Difference | 288.22 | 544.28 |
| Tax @ 26% | 74.94 | 141.51 |
| Opening Deferred Tax Liabilities | 141.51 | 145.54 |
| Add: Amount to be provided during the year | (66.57) | (4.03) |
| Deferred Closing Deferred Tax Liabilities | 74.94 | 141.51 |

Note 17 :Short term Borrowings

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| Borrowings | | |
| Loans repayable on demand from bank | 2,700.05 | 3,186.29 |
| Margin Money | 4.21 | 4.21 |
| Loans from other parties | 108.54 | 145.25 |
| Total | 2,812.79 | 3,335.75 |

Note 18 : Trade Payables

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| Total outstanding dues of micro enterprises and small enterprises | | |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 12,894.30 | 12,732.90 |
| Total | 12,894.30 | 12,732.90 |



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Trade Payables ageing schedule

| | Outstanding for following periods from due date of payment | | | | |
|---------------------------|--|-----------|-----------|-------------------|-----------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| i) MSME | - | - | - | - | - |
| ii) Others | 12,784.17 | 110.14 | - | - | 12,894.30 |
| iii) Disputed Dues- MSME | - | - | - | - | - |
| iv) Disputed Dues- Others | - | - | - | - | - |

Unbilled dues shall be disclosed separately

Note 19 : Other financial liabilities

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|------------------|---------------------|---------------------|
| Dividend Payable | 0.47 | 0.47 |
| Total | 0.47 | 0.47 |

Note 20 : Other current liabilities

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------------------------|---------------------|---------------------|
| IGST Payable | 3,516.69 | 2,788.15 |
| SGST Receivable | (1,122.46) | (899.62) |
| CGST Receivable | (1,122.48) | (899.64) |
| TDS/TCS Payable | 73.18 | 15.49 |
| Employees Profession Tax | 0.41 | - |
| GST Payable | (3.41) | - |
| GST -Maharashtra | (256.08) | (236.55) |
| GST -Gujarat | (37.87) | (37.48) |
| ESIC payable | - | 0.01 |
| PF Payable | 4.55 | 1.40 |
| IGST -Import duty | (1,018.52) | (852.63) |
| Advances from Debtors | 506.62 | 337.73 |
| Total | 540.64 | 216.86 |

Note 21 : Provisions

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|---------------------|---------------------|
| Provision for expenses | 21.72 | 21.92 |
| Provision for income tax (Previous Years) | 252.27 | 327.27 |
| Total | 273.99 | 349.19 |

Note 22 : Current Tax Liabilities

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------------------------|---------------------|---------------------|
| Provision for Income Tax | 132.50 | 178.32 |
| Total | 132.50 | 178.32 |



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Additional Regulatory Information

Note 30 Financial ratios

| Sr. No | Particulars | 31st March 2024 | 31st March 2023 | % Change | Explanations |
|--------|----------------------------------|-----------------|-----------------|----------|--|
| 1 | Current Ratio | 1.70 | 1.60 | 6.05% | |
| 2 | Debt-Equity Ratio | 0.24 | 0.32 | -26.21% | The company has undertaken preferential issue of equity shares and warrants in the current year |
| 3 | Debt Service Coverage Ratio | 2.22 | 3.10 | -28.35% | The company has taken new loans and overdraft facilities in the current year |
| 4 | Inventory turnover Ratio | 12.46 | 19.71 | -36.78% | It is because of rise in stock in trade in current year as the turnover of current year has reduced |
| 5 | Trade Receivables turnover Ratio | 2.11 | 2.57 | -17.74% | - |
| 6 | Trade payables turnover Ratio | 3.09 | 3.54 | -12.78% | - |
| 7 | Net capital turnover Ratio | 3.41 | 4.14 | -17.65% | - |
| 8 | Net profit ratio | 1.18% | 0.90% | 31.54% | As new loans were given in current year , there was rise in interest on trade advances, hence it has lead to increase in profitability in current year |
| 9 | Return on Capital employed, | 5.92% | 5.72% | 3.52% | - |
| 10 | Return on equity | 3.53% | 3.21% | 9.89% | - |

| Sr no. | Particulars | Numerator | Denominator |
|--------|---|------------------|---------------------------|
| 1 | Current ratio | | |
| | For calculation of current liabilities we have considered , current tax liabilities , other financial liabilities , current borrowings , current tax liabilities and for calculation of current assets we have considered inventories , financial assets and other current assets | Current assets | Current Liabilities |
| 2 | Debt-equity ratio | | |
| | For calculation of total debt we have considered Non current Borrowings and current borrowings and for calculation of total equity we have considered Equity share capital and Other Equity | Borrowings | Total equity |
| 3 | Debt service coverage ratio | | |
| | For calculation of Debt service coverage ratio ratio we have considered Earnings Before Interest and Tax and Finance Cost | EBIT | Finance Cost |
| 4 | Inventory Turnover ratio | | |
| | For calculation of inventory turnover ratio we have considered average of closing stock and opening stock , revenue from operations | Turnover | Average inventory |
| 5 | Trade receivable turnover ratio | | |
| | For calculation of trade receivable turnover ratio we have considered average of opening trade receivable and closing trade receivable revenue from operations | Turnover | Average Trade receivables |
| 6 | Trade payable turnover ratio | | |
| | For calculation of trade payable turnover ratio we have considered average of opening trade payable and closing trade payables , revenue from operations | Turnover | Average Trade payables |
| 7 | Net capital turnover ratio | | |
| | For calculation of net capital turnover ratio we have considered Working capital (Current assets - Current Liabilities) and revenue from operations | Turnover | Working Capital |
| 8 | Net Profit Ratio | | |
| | For calculation of net profit ratio we have considered Profit after tax and revenue from operations | Net profit | Turnover |
| 9 | Return on capital employed | | |
| | For calculation of return on capital employed ratio we have considered Profit after tax and revenue from operations | EBIT | Total debt + Total equity |
| 10 | Return on equity ratio | | |
| | For calculation of return on equity ratio we have considered Profit after tax and Equity Share Capital and Other Equity | Profit after tax | Shareholders equity |



| | |
|----------------|--|
| Note 31 | <u>Corporate social responsibility</u> (a) Amount required to be spent by the company during the year (b) Amount of expenditure incurred Nature of CSR activities (c) |
| Note 32 | <u>Details of Crypto Currency or Virtual Currency</u> The Company has not traded or invested in Crypto currency or Virtual Currency during the FY 2023-24 |
| Note 33 | <u>MSME Dues</u> The Company does not have any information to come to the conclusion that the dues outstanding are towards MSME. There is no interest charged on the same. |
| Note 34 | <u>Disclosure of transactions with struckoff companies</u> The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the financial year. |
| Note 35 | <u>Gratuity and leave encashments</u> As certified by the Management there is no obligation in respect of gratuity and leave encashment during the year. The same is relied upon by the Auditor . |
| Note 36 | <u>Debtors and creditors confirmations</u> Balances are relied upon as per books of accounts wherever the confirmations from debtors /creditors /Loans /Advances are not available. Debtors and Creditors Balances are subject to Confirmation. Debtors & Creditors Balances are as per Management Representation and relied upon by the Auditors. |
| Note 37 | <u>Quarterly returns or statements of Current Assets filed by the company with banks</u> The company has filed quarterly statements of current assets with bank for availing overdraft facility which are in agreement with books of accounts of company except for the months of September 2023 and December 2023 where closing stock is in agreement with books of accounts . |
| Note 38 | <u>Unhedged foreign currency exposure</u> The company has limited foreign currency exposure hence the impact on profit and loss is immaterial . |
| Note 39 | <u>Reclassification of Previous year figures</u> Previous year figures have been regrouped and rearranged wherever necessary to confirm with the current year presentation. |
| Note 40 | <u>Proceedings against the Company</u> No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. |
| Note 41 | <u>Wilful defaulter</u> The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority |
| Note 42 | <u>Utilization of Borrowed Funds</u> The Borrowed Funds from Banks and / or Financial Institutions have been utilized for the purpose for which it were Borrowed. |
| Note 43 | <u>Creation of Charge</u> The Company does not have any pending creation of charge and satisfaction as well as registration with ROC |
| Note 44 | <u>Intermediaries</u> The Company does not have any Intermediaries as on 31st March, 2024 |



| Note 46 Earnings per share | | <i>(Amount in Lakhs)</i> | |
|---|----------------------------|----------------------------|--|
| Particulars | As at 31 March 2024 | As at 31 March 2024 | |
| Net Profit / (loss) after tax for the year (in Rs.) | 468.37 | 377.11 | |
| Profit / loss attributable to equity share holders (in Rs.) | 468.37 | 377.11 | |
| Weighted Average Number of equity shares outstanding during the year | 254.14 | 253.85 | |
| Basic and Diluted Earnings Per Share (Rs.) | 184,295.78 | 148,557.41 | |
| Face Value per Share (Rs.) | 10 | 10 | |
| Restated Earnings Per Share | - | 1.48 | |
| Note : The Company has issued 2669619 shares on preferential basis on 27th March 2024 and hence previous years EPS is restated accordingly | | | |

| Note 47 Financial Risk Management | | <i>(Amount in Lakhs)</i> | |
|---|----------------------------|----------------------------|--|
| The Company has exposure to the following risks arising from financial instruments: | | | |
| <ul style="list-style-type: none"> • Credit risk ; • Liquidity risk ; and • Market risk | | | |
| <u>A. Credit risk</u> | | | |
| Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables and loans) and from its financing activities (deposits with banks and other financial instruments). | | | |
| <u>Credit risk management</u> | | | |
| Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. | | | |
| The Company's maximum exposure to credit risk as at 31 March,2024 and 2023 is the carrying value of each class of financial assets | | | |
| i Trade and other receivables | | | |
| Credit risk on trade receivables is limited based on past experience and management's estimate. | | | |
| Ageing of trade and other receivables that were not impaired was as follows. | | | |
| Carrying amount | As at 31 March 2024 | As at 31 March 2023 | |
| Neither Past due nor impaired | - | - | |
| Past due but not impaired | 16,460.53 | 17,039.78 | |
| Past due more than 180 days | 1,987.24 | 1,938.19 | |
| TOTAL | 18,447.77 | 18,977.97 | |



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| | | | | | | | | |
|--|----------------------------------|--|-------------------------|----------------------------|--------------------------|----------------------------|-------------------------|--|
| ii | Cash and Cash Equivalents | | | | | | | |
| <p>The Company held cash and bank balance with credit worthy banks of Rs. 159.43 lakhs /- at 31st March, 2024 , and (Rs. 70.58 lakhs /- at March 31, 2023). The credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks where credit risk is largely perceived to be extremely insignificant.</p> | | | | | | | | |
| B. Liquidity risk | | | | | | | | |
| <p>Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – trade payables and borrowings.</p> | | | | | | | | |
| Liquidity risk management | | | | | | | | |
| <p>The Company’s approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine the Company’s credit rating and impair investor confidence.</p> <p>The Company maintained a cautious funding strategy, with a positive cash balance throughout the year ended 31st March, 2024 and 31st March, 2023. This was the result of cash delivery from the business. Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis. The Company’s treasury department regularly monitors the rolling forecasts to ensure it has sufficient cash on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, are retained as cash and cash equivalents (to the extent required).</p> | | | | | | | | |
| Maturities of non – derivative financial liabilities | | | | | | | | |
| | | | | | <i>(Amount in Lakhs)</i> | | | |
| Particulars | | As at 31 March 2024 | | As at 31 March 2023 | | As at 31 March 2023 | | |
| | | Less than 1 year | More than 1 year | Less than 1 year | More than 1 year | Less than 1 year | More than 1 year | |
| Financial Liabilities - Current | | | | | | | | |
| i. Current Borrowings | | 2,812.79 | - | 3,335.75 | - | - | - | |
| ii. Trade payables | | 12,784.17 | 110.14 | 12,442.30 | 290.61 | - | 0.93 | |
| Total | | 15,596.96 | 110.14 | 15,778.05 | 290.61 | - | 0.93 | |
| C. Market risk | | | | | | | | |
| <p>Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments. The Company is exposed to market risk primarily related to interest rate risk and the market value of the investments.</p> | | | | | | | | |
| i | Currency Risk | <p>The functional currency of the Company is Indian Rupee. Currency risk is not material, as the Company does not have any exposure in foreign currency.</p> | | | | | | |
| ii | Interest Rate Risk | <p>Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.</p> | | | | | | |
| Exposure to interest rate risk | | | | | | | | |
| <p>According to the Company interest rate risk exposure is only for floating rate borrowings. Company does not have any floating rate borrowings on any of the Balance Sheet date disclosed in this financial statements.</p> | | | | | | | | |
| iii | Price Risk | <p>Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in quoted instruments.</p> | | | | | | |
| a) Fair value sensitivity analysis for fixed rate Instruments | | | | | | | | |
| <p>The Company does not account for any fixed rate financial assets or financial liabilities at fair value through Profit or Loss. Therefore, a change in interest rates at the reporting date would not affect Profit or Loss.</p> | | | | | | | | |
| b) Cash flow sensitivity analysis for variable rate Instruments | | | | | | | | |
| <p>The company does not have any variable rate instrument in Financial Assets or Financial Liabilities.</p> | | | | | | | | |



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Note 48 Fair value measurements (Amount in Lakhs)

Financial instruments by category:

As at 31 March 2024

| Particulars | Carrying Value | | | Fair Value hierarchy | | | | |
|------------------------------------|----------------|--------|---------------|----------------------|---------|---------|---------|-------|
| | FVTPL | FVTOCI | Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | | | | | | | | |
| (i) Investments | - | - | 138 | 138 | - | - | - | - |
| (ii) Trade Receivable | - | - | 18,448 | 18,448 | - | - | - | - |
| (iii) Cash and Cash Equivalents | - | - | 159 | 159 | - | - | - | - |
| (iv) Current and Non current Loans | - | - | 1,622 | 1,622 | - | - | - | - |
| TOTAL | - | - | 20,367 | 20,367 | - | - | - | - |
| Financial Liabilities | | | | | | | | |
| (i) Current Borrowings | - | - | 2,813 | 2,813 | - | - | - | - |
| (ii) Trade Payables | - | - | 12,894 | 12,894 | - | - | - | - |
| TOTAL | - | - | 15,707 | 15,707 | - | - | - | - |

As at 31 March 2024

| Particulars | Carrying Value | | | Fair Value hierarchy | | | | |
|------------------------------------|----------------|--------|---------------|----------------------|---------|---------|---------|-------|
| | FVTPL | FVTOCI | Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | | | | | | | | |
| (i) Investments | - | - | 40 | 40 | - | - | - | - |
| (ii) Trade Receivable | - | - | 18,978 | 18,978 | - | - | - | - |
| (iii) Cash and Cash Equivalents | - | - | 71 | 71 | - | - | - | - |
| (iv) Current and Non current Loans | - | - | 979 | 979 | - | - | - | - |
| TOTAL | - | - | 20,068 | 20,068 | - | - | - | - |
| Financial Liabilities | | | | | | | | |
| (i) Current Borrowings | - | - | 3,336 | 3,336 | - | - | - | - |
| (ii) Trade Payables | - | - | 12,733 | 12,733 | - | - | - | - |
| TOTAL | - | - | 16,069 | 16,069 | - | - | - | - |

As at 01 April 2023

| Particulars | Carrying Value | | | Fair Value hierarchy | | | | |
|---------------------------------|----------------|--------|----------------------|----------------------|---------|---------|---------|-------|
| | FVTPL | FVTOCI | Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | | | | | | | | |
| (i) Investments | - | - | 40 | 40 | - | - | - | - |
| (ii) Trade Receivable | - | - | 1,362,829,862 | 1,362,829,862 | - | - | - | - |
| (iii) Cash and Cash Equivalents | - | - | 1,919,104 | 1,919,104 | - | - | - | - |
| (iv) Loans | - | - | 200,000 | 200,000 | - | - | - | - |
| TOTAL | - | - | 1,364,949,007 | 1,364,949,007 | - | - | - | - |
| Financial Liabilities | | | | | | | | |
| (i) Current Borrowings | - | - | - | - | - | - | - | - |
| (ii) Trade Payables | - | - | - | - | - | - | - | - |
| TOTAL | - | - | - | - | - | - | - | - |

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

I. Fair value hierarchy

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

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

- (a) recognised and measured at fair value and,
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

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

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

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

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

II. Valuation techniques used to determine fair value

Significant valuation techniques used to value financial instruments include:

- Use of quoted market price or dealer quotes for similar instruments
- Using discounted cash flow analysis.

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



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

| Note 50 | Related Party Transactions | Disclosure in accordance with Ind AS 24 — Related Party Disclosures during the year | (Amount in Lakhs) |
|---------|----------------------------|---|---|
| | A) | Directors, Key Management Personnel (KMP) & relatives of KMP | |
| | | Mihir R Ghatalia | Managing Director |
| | | Lalit Tulsiani | Independent Director |
| | | Anil Mandal | Independent Director |
| | | Chetan K Mehta | Independent Director |
| | | Nimit R Ghatalia | Director |
| | | Archana P Wani | Independent Director |
| | | Bina R Ghatalia | Relative of Managing Director |
| | | Mira M Ghatalia | Relative of Managing Director and CFO |
| | | Ekta Ghatalia | Relative of Director |
| | | Preeti P Rathi | Company Secretary |
| | | Rajesh P Ghatalia | Relative of Managing Director |
| | | Nimit Impex Pvt Ltd | Company in which directors are substantially interested |
| | | Suraj Trade Links Pvt Ltd | Company in which directors are substantially interested |
| | | Enam Organics India Ltd | Company in which directors are substantially interested |
| | | Worth Investment & Trading Co Ltd | Company in which directors are substantially interested |
| | | Aaradhana Energy Private Limited | Company in which directors are substantially interested |
| | | Mihir R Ghatalia (HUF) | HUF in which director is interested |