



aries agro limited

Energizing Earth

42 nd

Annual Report
2011 - 2012





Recognition Of Partners Of
Maharashtra's Cotton Revolution
As The Nation And Maharashtra
Completes A Decade Of Successful
Bt Cotton Farming.
Dr. Jimmy Mirchandani
At CII Agri Vision 2020
- 13th April 2012

Special Star Performers Meet &
Training Programme At Goa
- 11th / 12th June 2012



Awarded By Inc 500 Magazine
For Exemplary Growth In 2011

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Members,

It is with great pleasure that I present to you the 42nd Annual Report of your Company, Aries Agro Limited.

2011-12, the year under review in this Report, once again highlighted the dependence of the agri business sector on weather conditions. The Kharif (summer) season began about a month late due to delayed rains. But the season received adequate rainfall over all. As a result, the first half of the financial year showed positive growth and healthy demand for the entire range of products. However, this was followed by highly unlikely situation of an extreme cold wave during the Rabi (winter) season. This cold wave conditions resulted in several crops across all Northern and Central states being affected due to crop dormancy and frost attack. Productivity was adversely affected. The winter season did hamper our growth plans as a result of this new uncertainty. Despite this, the Company's revenues increased by 16% percent in the second half of the year. Though for the sake of improving demand additional trade schemes and discounts were offered to retain market share affecting profitability in the fourth quarter.

The highly erratic supply position and increased rates of Urea and DAP fertilizers added to the demand for the Company's range of NPK Water Soluble Fertilizers. It must be noted that the margins on NPK Water Soluble Fertilizer are lower than micronutrients and secondary nutrients as a result of which increased sales in this segment (especially in the second half of the year) did have an impact on overall margins. In addition, the Company also scaled up its efforts to sell to large institutions. Institutional business though lower in profitability, is strategically important to expand our overall market share.

The year under review showed an increase in interest costs by Rs. 8.26 Crores and this represents an increase of 65 percent. We recognize that a move to non-funded sources of working capital and also maintaining inventory of only key products which constitutes the majority of the business of the Company is an alternative to reduce this drain on the Company's profitability due to increase interest costs. The rising costs of raw materials, fuel, processing, labour and interest rates continue to remain a source of concern and have impacted the Company during the entire financial year. We have been able to counter this inflationary pressure partially by cost control on production and administrative costs.

Delivering on the goal of an agriculturally progressive and self sufficient nation needs the agriculture sector to be transformed with and by youth, skills, knowledge and endless persistence. **Aries and Institute of Technology and Management (ITM) Trust have entered into a Memorandum of Understanding (MoU) on February 14, 2012 to work together towards the launch of a specialized ITM-Aries Agro PGDM Programme in Agribusiness Management.** The first batch for this programme will begin on ITM's campuses soon.

We were awarded **"Certificate of Excellence" in recognition of our Exemplary Growth** – in this year's Inc India 500 ranking of India's 500 fastest-growing mid-size enterprises. Inc. India 500 is an offshoot of the annual Inc. 500 Awards: "Est. in 1982 in America. Inclusion on this list is a mark of entrepreneurial success and elevates our company above its competitors and is a proof of the talent, drive and hard work our team have brought to our business

Your Company is in the process of launching 2 new products during 2012-13. This includes Zincated Sulphur Bentonite and EDDHA range of chelates. In addition, the Company will also be expanding its presence in new markets like Kashmir, Kerala, Manipur and Goa. It will also be focusing on more products for specialized crops such as cardamom, saffron and apple. The Company will be progressively phasing out 10 products which are very similar to existing products in the range to avoid some amount of duplication and reduce the number of stock keeping units in our inventory.

Your company's wide product range matches the world's best and biggest plant nutrition companies. This vast range of cost-effective, world class products serves as a major differentiator as it provides Aries farmers with the widest choice of customized plant nutrients, tailor-made for his crop and soil specific needs. With very minimal advertising the company maintains that its farmers are its brand ambassadors and targets all its activities to build this ecosystem.

We have also been actively participating in Government Tenders under the National Food Security Mission and other State and Central Government Schemes. Some of our products including Aries Endomyco, Chelamin and Agromin have been included in various Government schemes and this is a positive development. We are also pursuing institutional business with seed companies, nurseries and plantations

International sales have commenced in 6 countries with supplies from Indian and UAE factories. Distributors have been appointed in 4 countries and we expect export and global sales to continue to grow rapidly

With increasingly erratic weather trends, the outlook for the year 2012-13 seems neutral. We are taking steps to ensure that uncertainty has a minimal impact on your company's growth and profitability. Your Company's extensive distribution network, diversified product portfolio, reach to varied climatic areas and realignment of focus on crops that will realize better prices will definitely have a beneficial impact on your company's growth and profitability.

I would like to thank each one of you personally for your confidence in Aries. Together, we will ensure that your company grows further in the year ahead.

Sincerely,

Dr Jimmy Mirchandani
Chairman & Managing Director

Balance Sheet as at March 31, 2012
Statement of Profit & Loss for the year ended March 31, 2012 with Director's Report
**42nd Annual Report
2011 - 2012**
BOARD OF DIRECTORS

Dr. Jimmy Mirchandani
Chairman & Managing Director

Dr. Rahul Mirchandani
Executive Director

Dr. D. S. Jadhav
Prof. R. S. S. Mani,
Mr. Akshay Mirchandani
Mr. C. B. Chhaya

AUDIT COMMITTEE

Prof. R. S. S. Mani, Chairman
Dr. D. S. Jadhav
Dr. Rahul Mirchandani

SHARE HOLDERS/INVESTORS GRIEVANCES COMMITTEE

Prof. R. S. S. Mani, Chairman
Dr. Jimmy Mirchandani
Dr. Rahul Mirchandani

REMUNERATION COMMITTEE

Dr. D. S. Jadhav, Chairman
Prof. R. S. S. Mani,
Mr. C. B. Chhaya

TREASURY COMMITTEE

Dr. Jimmy Mirchandani, Chairman
Dr. Rahul Mirchandani
Mr. C. B. Chhaya

CHIEF FINANCIAL OFFICER

Mr. S. Ramamurthy

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Qaiser P. Ansari

AUDITOR

M/s. Kirti D. Shah and Associates

INTERNAL AUDITOR

M/s. Kirit Manek & Co.

COST AUDITOR

M/s. R. Nanabhoy & Co.

BANKERS

AXIS Bank Ltd.
ICICI Bank Ltd.
HDFC Bank Limited
Canara Bank
YES Bank Limited

BRANCHES/STOCK LOCATIONS

Ahmedabad, Gujarat
Bangalore, Karnataka
Bellary, Karnataka
Bhubaneswar, Orissa
Coimbatore, Tamil Nadu
Ghaziabad, Uttar Pradesh
Guwahati, Assam
Hissar, Haryana
Hyderabad, Andhra Pradesh
Indore, Madhya Pradesh
Jaipur, Rajasthan
Jalandhar, Punjab
Jodhpur, Rajasthan
Kolkata, West Bengal
Lucknow, Uttar Pradesh
Nagpur, Maharashtra
Nashik, Maharashtra
Nipani, Karnataka
Panvel, Maharashtra
Patna, Bihar
Raipur, Chhattisgarh
Ranchi, Jharkhand
Rudrapur, Uttaranchal
Solapur, Maharashtra
Sriganganagar, Rajasthan
Vijayawada, Andhra Pradesh

MANUFACTURING LOCATIONS

Mumbai
Bangalore
Hyderabad
Kolkata
Sanand
Lucknow
Sharjah, UAE (Subsidiary Company)
Fujairah, UAE (Subsidiary Company)

Registered Office: Aries House, Plot No. 24, Deonar, Govandi(East), Mumbai-400 043, Web Site: www.ariesagro.com

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Second Annual General Meeting of the Members of **ARIES AGRO LIMITED** will be held on Friday, the 28th September, 2012 at 10.00 a.m. at The Chembur Gymkhana, 16th Road, Chembur, Mumbai-400 071, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend for the Financial Year ended 31.03.2012.
3. To appoint a Director in place of Dr. Jimmy Mirchandani who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Prof. R. S. S. Mani who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Kirti D. Shah & Associates, Chartered Accountants, Mumbai, (Membership No. 32371) as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration upon the recommendation of the Audit Committee.

SPECIAL BUSINESS

6. **Re-appointment of Dr. Jimmy Mirchandani as the Chairman & Managing Director and revision in remuneration.**

To consider and pass following resolution as a Special Resolution with or without modification:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as the “Act”) and subject to such approvals, if any, as may be necessary, approval of the Company be and is hereby accorded to the re-appointment of and payment of remuneration to Dr. Jimmy Mirchandani as the Chairman & Managing Director of the Company for a period of 3(Three) years commencing from 1st October, 2012 upto and inclusive of 30th September, 2015 on the terms and condition including remuneration as broadly specified below and more specifically as set out in the draft Agreement submitted to this meeting and signed by the Chairman for the purpose of identification which Agreement is hereby specifically sanctioned with a liberty to the Directors to alter and vary the terms and conditions of the said appointment and / or Agreement as may be agreed to between the Directors and Dr. Jimmy Mirchandani:

OVERALL REMUNERATION

Subject to the provisions of Section 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions of the Companies Act, 1956, minimum remuneration as mentioned hereunder, the remuneration payable to Dr. Jimmy Mirchandani, in any financial year shall not exceed 5%(Five percent) of the net profits of the Company.

MINIMUM REMUNERATION

Where in any financial year during the currency of the tenure of Dr. Jimmy Mirchandani, the Company has no profits or its profits are inadequate, the remuneration payable to Dr. Jimmy Mirchandani, will be according to the applicable provisions of Section II, Part II of Schedule XIII of the Act. Within the aforesaid ceiling, the remuneration payable to Dr. Jimmy Mirchandani, Chairman & Managing Director, shall be as follows :-

SALARY, PERQUISITES AND ALLOWANCES

Not Exceeding Rs. 4,00,000/- pm inclusive of all perquisites and allowances(as stated below) except those specifically excluded as per Schedule XIII of the Act.

COMMISSION:

As decided by the Board of Directors at the time of adoption of accounts, but not exceeding the ceiling in respect of overall remuneration as prescribed under Section 198 and 309 of the Companies Act, 1956.

Other Terms and Conditions:

PERQUISITES :

- A. Rent Free furnished accommodation or house rent allowance not exceeding Rs. 30,000/- per month along with benefits of gas, fuel, water, electricity and telephone/fax as also upkeep and maintenance of the residential accommodation the value of such accommodation and its upkeep and maintenance being evaluated in accordance with the provisions of the Income Tax Rules. Personal long distance calls will be billed to Dr. Jimmy Mirchandani.
- B. Conveyance : Company car with chauffeur or alternatively Company to maintain Dr. Jimmy Mirchandani's personal car and provide him with a chauffeur; monetary value for private use to be evaluated in accordance with the Income Tax Rules.
- C. Medical Benefits : Reimbursement of medical expenses for himself and his family actually incurred during the continuance of his employment as per Rules of the Company upto a limit of one months salary in a year or three months salary over a period of three years.
- D. Leave : 30 working days leave (traveling time included) once in every year of service, with encashment of unavailed leave at the end of the tenure.
- E. Leave Travel Assistance : Leave travel concession for self and family, once every year or as per Rules of the Company upto a limit of one months salary in a year.
- F. Other Perquisites e.g. Personal Accident Insurance for himself and for his family and Club Fees(Subject to a maximum of two clubs. No admission or life membership fee will be paid) and any others, upto a maximum of Rs. 20,000/- p.m.
- G. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; gratuity payable at a rate not exceeding half a month salary for each

completed year of service and encashment of unavailed leave at the end of tenure shall not be included in the computation of the ceiling on remuneration in terms of Schedule XIII of the Companies Act, 1956.

SITTING FEES

Dr. Jimmy Mirchandani will not be entitled to sitting fees for meetings of the Board / Committee of the Board attended by him."

7. Re-appointment of Dr. Rahul Mirchandani as the Executive Director and revision in remuneration.

To consider and pass following resolution as a Special Resolution with or without modification:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as the "Act") and subject to such approvals, if any, as may be necessary, approval of the Company be and is hereby accorded to the re-appointment of and payment of remuneration to Dr. Rahul Mirchandani as the Executive Director of the Company for a period of 3(Three) years commencing from 1st October, 2012 upto and inclusive of 30th September, 2015 on the terms and condition including remuneration as broadly specified below and more specifically as set out in the draft Agreement submitted to this meeting and signed by the Chairman for the purpose of identification which Agreement is hereby specifically sanctioned with a liberty to the Directors to alter and vary the terms and conditions of the said appointment and / or Agreement, as may be agreed to between the Directors and Dr. Rahul Mirchandani:

OVERALL REMUNERATION

Subject to the provisions of Section 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions of the Companies Act, 1956, minimum remuneration mentioned hereunder, the remuneration payable to Dr. Rahul Mirchandani, in any financial year shall not exceed 5%(Five percent) of the net profits of the Company.

MINIMUM REMUNERATION

Where in any financial year during the currency of the tenure of Dr. Rahul Mirchandani, the Company has no profits or its profits are inadequate, the remuneration payable to Dr. Rahul Mirchandani, will be according to the applicable provisions of Section II, Part II of Schedule XIII of the Act. Within the aforesaid ceiling, the remuneration payable to Dr. Rahul Mirchandani, Executive Director, shall be as follows :-

SALARY, PERQUISITES AND ALLOWANCES

Not Exceeding Rs. 3,80,000/- pm inclusive of all perquisites and allowances(as stated below) except those specifically excluded as per Schedule XIII of the Act.

COMMISSION:

As decided by the Board of Directors at the time of adoption of accounts, but not exceeding the ceiling in respect of overall remuneration as prescribed under Section 198 and 309 of the Companies Act, 1956.

Other Terms and Conditions:

PERQUISITES :

- A.** Rent Free furnished accommodation or house rent allowance not exceeding Rs. 29,000/- per month along with benefits of gas, fuel, water, electricity and telephone/fax as also upkeep and maintenance of the residential accommodation the value of such accommodation and its upkeep and maintenance being evaluated in accordance with the provisions of the Income Tax Rules. Personal long distance calls will be billed to Dr. Rahul Mirchandani.
- B.** Conveyance : Company car with chauffeur or alternatively Company to maintain Dr. Rahul Mirchandani's personal car and provide him with a chauffeur; monetary value for private use to be evaluated in accordance with the Income Tax Rules.
- C.** Medical Benefits : Reimbursement of medical expenses for himself and his family actually incurred during the continuance of his employment as per Rules of the Company upto a limit of one months salary in a year or three months salary over a period of three years.
- D.** Leave : 30 working days leave (traveling time included) once in every year of service, with encashment of unavailed leave at the end of the tenure.
- E.** Leave Travel Assistance : Leave travel concession for self and family, once every year or as per Rules of the Company.
- F.** Other Perquisites e.g. Personal Accident Insurance for himself and for his family and Club Fees(Subject to a maximum of two clubs. No admission or life membership fee will be paid) and any others, upto a maximum of Rs. 12,667/- p.m.
- G.** Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; gratuity payable at a rate not exceeding half a month salary for each completed year of service and encashment of unavailed leave at the end of tenure shall not be included in the computation of the ceiling on remuneration in terms of Schedule XIII of the Companies Act, 1956.

SITTING FEES

Dr. Rahul Mirchandani will not be entitled to sitting fees for meetings of the Board / Committee of the Board attended by him."

By Order of the Board

Place: Mumbai
Date: 14th August, 2012

Kaiser P. Ansari
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. BLANK PROXY FORM IS ENCLOSED.
3. Corporate Members intending to send their Authorised Representatives to attend the Meeting are requested to send to the Company a Certified Copy of the Board Resolution authorizing their Representative to attend and Vote on their behalf at the Meeting.
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto.
5. All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all days, except Saturdays, Sundays and holidays until the date of the Annual General Meeting or any adjournment thereof.
6. Members desirous of getting any information about the accounts and operations of the Company are requested to write their queries to the Company at least seven days in advance of the meeting so that the information required can be made readily available at the meeting.
7. Individual shareholders can now take the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination Form. Members who are interested in availing the nomination facility are requested to write to the Company.
8. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, 22nd September, 2012 to Friday, 28th September, 2012 (both days inclusive) for determining the names of members eligible for Dividend on Equity Shares, if declared at the Meeting as recommended by the Board of Directors. On such declaration of Dividend at the forthcoming Annual General Meeting, such Dividend will be paid on 23rd October, 2012 to those members whose names appear on the Register of Members on 28th September, 2012 after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 31st August, 2012. In respect of shares held through the depositories, Dividend will be paid on the aforesaid date to the beneficial owners of shares whose names appear at the close of business hours on 21st September, 2012 as per details furnished by the depositories for this purpose.
9. Members are requested to avail the facility of remittance of Dividend through the National Electronic Clearing Systems (NECS). The NECS facility is available at locations identified by the Reserve Bank of India from time to time. Members holding shares in physical form and desirous of availing this facility are requested to immediately write to the Company's Registrars and Transfer Agents with changes in their bank account/account numbers, if any, along with a photocopy of a blank cheque pertaining to the concerned account.
10. Beneficial Owners holding shares in Electronic/ Demat form are requested to notify any change in their Address, Bank Account, Mandate, etc. to their respective Depository Participant. ECS Mandates has to be sent to the concerned Depository Participant directly.
11. Members holding shares in physical form are requested to notify any change in their Address, Bank Accounts etc. to the Registrar and Transfer Agent of the Company.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number(PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrars and Transfer Agents, M/s Aarthi Consultants Private Limited.
13. Members/ Proxies should bring the attendance slip duly filled in for attending the meeting. The Identity/Signature of the Members holding shares in Electronic/Demat form is liable for verification with Specimen Signatures as may be furnished by NSDL/CDSL to the Company. Such Members are advised to bring the relevant Identity Card issued by the Depository Participant to the Annual General Meeting.
14. **Members are requested to bring their copy of the Annual Report to the Annual General Meeting.**
15. Non-Resident Indian Members are requested to inform Aarthi Consultants Private Limited, immediately of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their Bank Account maintained in India with complete Name, Branch, Account Type, Account Number and address of the Bank with Pin Code Number, if not furnished earlier.
16. All the shareholders are requested to register their email IDs with the Company or with the Registrar and Share Transfer Agents and thereby implement the "Green Initiative" as per the Circular No. 17/2011 dated April 21, 2011 and No. 18/ 2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of Notices/ Documents and Annual Reports to shareholders. Members holding shares in electronic mode or in physical mode are requested to update their email addresses by writing to the Company directly to the Company Secretary, Aries Agro Limited, Aries House, Plot No. 24, Deonar, Govandi(E), Mumbai-400 043 or to the Registrar and Transfer Agents at their address mention below.
17. The Company has submitted with the MCA the List of Un-Paid Dividends and the IPO Application Money Refund as on the date of the last AGM i.e. 29th September, 2011 and the same is also displayed in the Investor Relations Section on our web-site at www.ariesagro.com.
18. Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting are given below:

19.

Particulars required	Information
Name of the Director	Dr. Jimmy Mirchandani
Date of Birth	10 th January, 1956
Date of Appointment	15 th January, 1976
Expertise in specific functional areas	As Managing Director, he oversees all the functions and day to day affairs of the Company and particular Marketing, Finance and Administration.
Qualifications	B.Sc. (Veterinary), LL B.
Chairman/Member of the Committees of the Board of Directors of the Company.	Treasury Committee
Directorship in other Companies	Sreeni Agro Chemicals Pvt. Ltd. Aries East-West Nutrients Pvt. Ltd. Blossoms International Ltd. Aries Agro Care Pvt. Ltd. Aries Agro Equipments Pvt. Ltd. Aries Agro Produce Private Limited Golden Harvest Middle East FZC Amarak Chemicals FZC
Membership of Audit Committee of other public limited companies	NIL
Membership of any other committee of other public limited companies.	NIL

Particulars required	Information
Name of the Director	Prof R. S. S. Mani
Date of Birth	31 st May, 1963
Date of Appointment	16 th August, 2004
Expertise in specific functional areas	Independent Director
Qualifications	B.Sc./M.A. Personnel Management & Industrial Relations, TISS
Chairman/Member of the Committees of the Board of Directors of the Company.	Chairman of Audit Committee Member of Remuneration Committee Chairman of Share Holders/Investors Grievance Committee
Directorship in other Companies	Aries Agro Care Private Limited Aries Agro Equipments Private Limited
Membership of Audit Committee of other public limited companies	NIL
Membership of any other committee of other public limited companies.	NIL

20. The Registrar and Share Transfer Agent of the Company (RTA).

AARTHI CONSULTANTS PRIVATE LIMITED

1-2-285, Domalguda, Hyderabad – 500 029, Andhra Pradesh, India

Tel : +91-40-27634445 / 27642217, Fax: +91-40-27632184

E-mail: aries@arthiconsultants.com

Website: www.arthiconsultants.com

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

Item No. 6 and 7

The present terms of Dr. Jimmy Mirchandani as Chairman & Managing Director and Dr. Rahul Mirchandani as Executive Director will expire on 30th September, 2012.

The Board of Directors of the Company at its Meeting held on 14th August, 2012 re-appointed Dr. Jimmy Mirchandani as Chairman & Managing Director and Dr. Rahul Mirchandani as Executive Director of the Company, with effect from 1st October, 2012 for a further period of 3(Three) Years, subject to the approval of the Company in General Meeting in accordance with Schedule XIII of the Act. The Remuneration Committee at their meeting held on 14th August, 2012 have, after considering the various factors namely prevailing pay packets, responsibilities being shouldered by Working Directors, their contribution for the growth of the Company etc., have sanctioned and fixed the remuneration as stated in the resolutions under Item No. 6 and 7.

Information pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and forming part of the explanatory statement to the Notice convening the Annual General Meeting.

I. GENERAL INFORMATION

(1) Nature of Industry:

The Company can be broadly classified as a diversified Company engaged in manufacturing Micronutrients. The Company also deals in Veterinary products on a small scale. The Company has also started dealing and manufacturing Soluble Fertilisers and Sulphur based fertilizers.

Outstanding Achievements:

The Company won the “CNBC Emerging India Award 2008”, in recognition of being best performing and most promising SME in the FMCG, Food and Agri-business category.

The Company was also conferred with the SMB Award being one of the Top 500 Indian Manufacturing SMBs for 2007.

The Company was conferred the “Trailblazers Brand Innovator Award 2010” as the Best Brand in the agricultural inputs category by Milagrow. The Trailblazers Brand Innovator Awards are unique awards that recognize “innovation and differentiation” amongst SMEs in India.

The Company one amongst 10 Agri Business companies selected by the United States Government to showcase agricultural innovation and its impact at the Indo Agri Expo held in Mumbai on 7th November, 2010. The Expo and the Aries Stall were visited by US President, Mr. Barack Obama.

The Company was ranked amongst India's 500 fastest-growing mid-size enterprises in the year 2011 by Inc. India 500 which is an offshoot of the annual Inc. 500 Awards: “Est. in 1982 in America, which is also a testimony to the outstanding ingenuity and determination of companies in India.

(2) Date or expected date of commencement of commercial production:

The Company was incorporated in the year 1969 and since then has been into production.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus –

Not Applicable.

(4) Financial performance based on given indicators (Based on Audited published financial statement for the year 31/03/2011 & 31.03.2012).

		As on 31.03.2012	As on 31.03.2011
1	Sales to Profit before Interest, Depreciation & Tax	20.51%	23.61%
2	Sales to Profit before Depreciation & Tax	9.60%	15.49%
3	Current Ratio	1.45	1.47
4	Debt Equity Ratio	1.05	0.94
5	Earning Per Share	Rs. 8.03 per share	Rs. 11.06 per share

(5) Export Performance and net foreign exchange collaborations

		As on 31/03/2012 (Rs. In Lacs)	As on 31/03/2011 (Rs. In Lacs)	Remarks
1.	Export Earnings	471.78	772.80	--
2.	Net Foreign Exchange Collaborations	NIL	NIL	No Foreign Exchange Collaborations

(6) Foreign Investments or Collaborators, if any.

There is no investment by Foreign Collaborators but the FII & Non Resident Indians are holding 4,59,866 Equity Shares of Rs.10/- each fully paid up. The Company's overseas investment in aggregate is Rs. 2,024.89 Lakhs in its subsidiary abroad.

II. INFORMATION ABOUT THE APPOINTEES

A. DR. JIMMY MIRCHANDANI

1) Background details:

Dr. Jimmy Mirchandani has been in continuous employment of the Company since 15th January, 1976. He was re-appointed as Chairman & Managing Director of the Company for a period of 3 years from 01/10/2009 to 30/09/2012 by the members of the Company at their 39th Annual General Meeting (AGM) held on 29th September, 2009.

2) Past remuneration:

As per the approval granted by the members of the Company at their 39th AGM held on 29th September, 2009, Dr. Jimmy Mirchandani was entitled to overall remuneration of not exceeding 5% of the Net Profits of the Company in any financial year. Within the said overall remuneration Dr. Jimmy Mirchandani was entitled to a remuneration of Rs. 4,00,000/- p.m. including perquisites as per schedule XIII of the Companies Act, 1956. Dr. Jimmy Mirchandani was also entitled for Commission within the overall remuneration as prescribed under Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

3) Recognition and Awards:

Dr. Jimmy Mirchandani has a rich and extensive experience of management and his vision and commitment has enabled the Company steer through the most difficult times the Company has faced.

4) Job Profile and his suitability:

As Managing Director, he oversees various functions of the Company namely Marketing, Strategy, Finance and Administration. He has a rich and varied background as a self made Industrialist. He imparts solutions to problems, foresight and vision in Marketing and Planning. This insight experience has largely contributed to the Company's progress in present competitive environment.

5) Remuneration proposed : As set out in the draft resolution.

6) Comparative Remuneration profile : In this Industry there are Large Corporate House, where the remuneration is substantially higher in line with their turnover and profits. The Company could be classified as a Medium Sized Fertilizer Company and considering its size in terms of turnover and profits, the proposed remuneration could be considered to be reasonable. The proposed remuneration being minimum payable as per Schedule XIII of the Companies Act, 1956, which is in comparison with prevailing remuneration payable to the managerial person in Industry.

7) Pecuniary relationship with Company or managerial personnel : Dr. Jimmy Mirchandani is the promoter of the Company and is the son of founder promoter Late Dr. T.B. Mirchandani and Mrs. Bala Mirchandani. He is brother of Executive Director Dr. Rahul Mirchandani and is the father of Director Mr. Akshay Mirchandani.

B. DR. RAHUL MIRCHANDANI

1) Background details:

Dr. Rahul Mirchandani has been in continuous employment of the Company since 2nd February, 1994. He was re-appointed as Executive Director of the Company for a period of 3 years from 01/10/2009 to 30/09/2012 by the members of the Company at their 39th Annual General Meeting (AGM) held on 29th September, 2009.

2) Past remuneration:

As per the approval granted by the members of the Company at their 39th AGM held on 29th September, 2009, Dr. Rahul Mirchandani was entitled to overall remuneration of not exceeding 5% of the Net Profits of the Company in any financial year. Within the said overall remuneration Dr. Rahul Mirchandani was entitled to a remuneration of Rs. 3,80,000/- p.m. including perquisites as per schedule XIII of the Companies Act, 1956. Dr. Rahul Mirchandani was also entitled for Commission within the overall remuneration as prescribed under Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

3) Recognition and Awards:

Dr. Rahul Mirchandani has a rich and extensive experience of management and his vision and commitment has enabled the Company steer through the most difficult times the Company has faced.

4) Job Profile and his suitability:

As Executive Director, he oversees various functions of the Company namely Marketing, Production and Quality Control etc. He has a rich and varied background as a

self made Industrialist. He imparts solutions to problems, foresight and vision in Marketing and Planning. This insight experience has largely contributed to the Company's progress in present competitive environment.

5) Remuneration proposed : As per the draft resolution.

6) Comparative Remuneration profile : In this Industry there are Large Corporate House, where the remuneration is substantially higher in line with their turnover and profits. The Company could be classified as a Medium Sized Fertilizer Company and considering its size in terms of turnover and profits, the proposed remuneration could be considered to be reasonable. The proposed remuneration being minimum payable as per Schedule XIII of the Companies Act, 1956, which is in comparison with prevailing remuneration payable to the managerial person in Industry.

7) Pecuniary relationship with Company or managerial personnel : Dr. Rahul Mirchandani is the promoter of the Company and is the son of founder promoter Late Dr. T.B. Mirchandani and Mrs. Bala Mirchandani. He is brother of Chairman & Managing Director Dr. Jimmy Mirchandani and is the uncle of Director Mr. Akshay Mirchandani.

III OTHER INFORMATION

(1) Reasons of loss or inadequate profits:

The Company has been earning adequate profit since last few years. It has undertaken major expansion and diversification programme in line with the objects enlisted at the time of IPO. This entail interest cost and provision for higher depreciation on the assets. The profitability of the Company has been increasing year by year but may be inadequate for making payment of the revised remuneration (which is in consonance with the corporate practice) to all the working Directors as the total managerial remuneration should not exceed 10% of the net profit as computed under the Companies Act, 1956 . The profits may be inadequate due to the seasonal nature of business and the dependence of Indian Agriculture on rains.

The policy of the Company to maintain the space with the innovative technology and this has resulted an increasing trend in the profitability in the long run.

(2) Steps taken or proposed to be taken for improvement:

The Company has ventured and installed a Hi-Tek Batch Controlled Manufacturing Process for Multi-Micronutrients at Hyderabad. The Company has also carried out successful commissioning of projects at Lucknow, Ahmedabad, Hyderabad. It has also invested in foreign Subsidiary at UAE. The Company has also ventured in to Soluble Fertilizers. To augment the marketing efforts, the Company has started its Rural Mobile Marketing Plan which is hugely successful.

(3) Expected increase in productivity and profits in measurable terms

Based on the strategy, the Company expects to achieve improvement in the level of Turnover by 10% as reported in the Financial Year 2011-12. The increase in Turnover will result in the better utilization of Plant's capacity leading to improved profitability. The Company is also in the process of implementing cost reduction drives. This will enable the Company to achieve better performance in the years ahead.

IV DISCLOSURES**1) The shareholders of the Company shall be informed of the remuneration package of the managerial persons.**

The details of remuneration have been provided elsewhere in this statement.

2) The following disclosures shall be mentioned in the Board of Director's Report under the heading "Corporate Governance", if any, attached to the Annual Report.

The Company undertakes to disclose the following details in the relevant Report of the Board of Directors of the Company.

- (i) All elements of remuneration package of all the Directors
- (ii) Details of fixed component and performance linked incentives along with the performance criteria.
- (iii) Service contracts, notice period, etc.
- (iv) Stock option details, if any

The draft Agreements containing terms and conditions inclusive of the remuneration of Dr. Jimmy Mirchandani and Dr. Rahul Mirchandani are available at the Registered Office of the Company for the inspection of the members.

The above may be treated as an abstract of the terms of contract under section 302 (1) of the Companies Act, 1956. Your Board of Directors recommend the resolution as set out under item No. 6 & 7 of the Notice for your approval as a Special Resolution.

Dr. Jimmy Mirchandani, Chairman & Managing Director, Dr. Rahul Mirchandani, Executive Director and Mr. Akshay Mirchandani, Director are concerned or interested in the said resolution.

The Board of Directors of your Company recommends the resolution for approval.

By Order of the Board

Place: Mumbai
Date: 14th August, 2012

Kaiser P. Ansari
Company Secretary

DIRECTORS' REPORT

To
The Members,
Aries Agro Limited

Your Directors have pleasure in presenting their 42nd Annual Report on the operations of the Company together with the Audited Statements of Accounts for the Financial Year ended 31st March, 2012.

Financial Results

(Rs. In Lakhs)

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
Total Revenue	19,694.09	15,976.16
Profit Before Tax Interest & Depreciation	3,930.75	3,662.33
Less: Interest	2,091.88	1,266.10
Depreciation	188.64	180.55
Profit Before Tax	1,650.24	2,235.83
Provision for Taxation	546.00	705.00
Deferred Tax	6.01	59.03
Profit After Tax	1,098.23	1,471.80
Balance Brought Forward	4,227.63	3,292.73
Prior Period Expense	-	-
Exceptional Items	53.62	33.62
Amount available for appropriation	5,272.23	4,730.91
General Reserve	150.00	200.00
Proposed (Final) Dividend	195.06	130.04
Interim Dividend Paid	-	130.04
Tax on Interim & Proposed Dividend	32.40	43.20
Surplus Carried Forward to Balance Sheet	4,894.78	4,227.63

Operations

During the year under review, the earnings before Interest, Depreciation and Tax was Rs. 3,930.75 compared to Rs. 3,662.33 Lakhs in the previous year. The Total Revenue for the year was Rs. 19,694.09 Lakhs as against Rs. 15,976.16 Lakhs in the previous year reflecting a growth of 23.27 %. Profit after tax for the year was Rs. 1,098.23 compared to Rs. 1,471.80 Lakhs in the previous year. Despite the higher turnover the profitability of the Company has reduced on account of interest cost and depreciated rupee value.

The Company is a major manufacturer and supplier of Chelated micronutrients, value added secondary nutrient fertilizers and also water soluble NPK fertilizers. In addition, we also have a growing range of farm sprayers and plant protection chemicals, including pesticides, insecticides, fungicides and herbicides in our product portfolio. In total, Aries has 84 brands. For detailed discussion please refer to the Management Discussion Analysis forming part of this report.

Dividend

After considering the impact of delayed monsoon, requirement of the fund and objective of rewarding the shareholders the Directors have recommended a Dividend of 15 % being Rs. 1.50 per Equity Share of Rs. 10/- each subject to your approval at the ensuing Annual General Meeting. The Dividend, if

approved, will result in an outflow of Rs. 227.46 lakhs including Dividend Distribution Tax.

TRANSFER TO RESERVES

Your Directors propose to transfer Rs. 150.00 Lakhs to the General Reserve and the Balance of Rs. 4,894.78 Lakhs is proposed to be retained in the Profit & Loss Account.

CREDIT RATING-FOR BORROWING

CRISIL Limited, one of the leading external Rating Agency, has rated your Company as under:

Sr. No.	Facility	Rating
1	Long-Term Rating	CRISIL A-/Stable(Re-affirmed)
2	Short-Term Rating	CRISIL A2(Re-affirmed)

Future Prospects:

The Company is in the process of launching 3 new products during 2012-13. This includes Zincated Sulphur Bentonite, horticultural mineral oil for biological pest prevention and Eddha range of chelates. In addition, the Company will also be expanding its presence in new markets like Kashmir, Kerala, Manipur and Goa.

We have also been actively participating in Government Tenders under the National Food Security Mission and other State and Central Government Schemes. Some of our products including Aries Endomyco, Chelamin and Agromin have been included in various Government schemes and this is a positive development. We are also pursuing institutional business with seed companies, nurseries and plantations.

Use of ipo proceeds

Your Company had come out with its maiden IPO in January 2008 for the purposes as stated in the Prospectus dated 26th December, 2007 and as amended by the members at their Annual General Meeting held on 29th September, 2009. Accordingly the Company has utilized the IPO funds for the purposes for which it was raised.

Deposits

The Company has not accepted any deposits from the Public within the meaning of Section 58A of the Companies Act, 1956.

Subsidiaries

Your Company has five subsidiaries viz Aries Agro Care Private Limited, Aries Agro Equipments Private Limited, Aries Agro Produce Private Limited, Golden Harvest Middle East FZC and a Step Down Subsidiary viz Amarak Chemicals FZC.

The operations of Aries Agro Care Pvt. Ltd. commenced in the Financial Year 2008-09 and during the Financial Year 2011-12 the Company has ended with a total revenue of Rs. 37.40 Lakhs and incurred a loss of Rs. 10.92 Lakhs.

The business operations of Aries Agro Equipments Pvt. Ltd. commenced in the year 2009-10 in agricultural sprayers. During the Financial Year 2011-12 the Company has a Turnover of Rs. 235.05 Lakhs with profit after tax of Rs. 25.34 Lakhs.

The above two Companies are Wholly Owned Subsidiaries of the Company.

There was no business activity in other Subsidiary namely Aries Agro Produce Pvt. Ltd. During the Financial Year 2011-12 the Company has incurred a loss of Rs. 2.06 Lakhs

As regards the overseas subsidiary M/S. Golden Harvest Middle East FZC with an installed capacity of 10,800 MT p.a., in their fourth year of operation, has generated a total sale of AED 2,95,14,219/- with a profit of AED 41,03,369/- for the year 2011-12.

M/s. Amarak Chemicals FZC, which is a step down Subsidiary of Aries Agro Limited with an installed capacity of 60,000 MT p.a., in their second year of operation, has generated a total sale of AED 2,28,03,625/- and has incurred a loss of AED 4,93,682/- for the year 2011-12.

As required under Section 212 of The Companies Act, 1956, annexed hereto are the Audited Statement of accounts, the Reports of the Board of Directors and Auditors' Reports for the year ended 31st March, 2012 of Aries Agro Care Private Limited, Aries Agro Equipments Private Limited, Aries Agro Produce Private Limited, Golden Harvest Middle East FZC. and Amarak Chemicals FZC.

A Statement of Subsidiary Companies as prescribed under Section 212 of the Companies Act, 1956, is annexed and is forming part of the Annual Report.

Apart from the above statement a list of Subsidiary Companies given in Note No. 27-A of the Notes to Accounts is forming part of the Annual Report.

All the above subsidiary Companies are non-material, non-listed Companies as defined under Clause 49 of the Listing Agreement with the Stock Exchanges.

INSURANCE

All properties and assets of your Company are adequately insured covering all conceivable risks attributable to the Industry.

Directors

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Dr. Jimmy Mirchandani and Prof. R. S. S. Mani retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Accordingly their re-appointment forms part of the notice of ensuing Annual General Meeting.

The term of the appointment of Dr. Jimmy Mirchandani and Dr. Rahul Mirchandani as the Chairman & Managing Director and Executive Director, respectively, expires on 30th September, 2012. The Directors recommend their re-appointment for a

further period of 3 years. Accordingly their re-appointment forms part of the notice of ensuing AGM.

Appointment of Cost Auditors

M/s. R. Nanabhoy & Co., Cost Auditors were re-appointed as the Cost Auditor of the Company for the year ending 31-03-2013 by the Board of Directors in their meeting held on 14th February, 2012 after ensuring their eligibility and obtaining the letter of eligibility from them.

The Company's Cost Audit is under progress and is likely to be completed shortly as the Company is required to file the Cost Audit Report within 6 months of the end of the Financial Year-2011-12 i.e. on or before 30th September, 2012.

Appointment of Auditors and Audit Report

M/s. Kirti D. Shah & Associates (Membership No. 32371), the Auditors of the Company retire at the ensuing Annual General Meeting and being eligible and holding Peer Review Certificate issued by the Institute of Chartered Accountants of India, offer themselves for re-appointment.

There is no qualification in the Audit Report.

Directors' Responsibility Statements

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' responsibility statement, it is hereby confirmed that:

1. In preparation of the Annual Accounts, applicable Accounting Standards have been followed and that there are no material departures
2. The Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of the Affairs of the Company at the end of the financial year and of the profit of the Company for that year;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. Annual Accounts have been prepared on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 ("Act") read with the Companies (Particulars of Employees) Rules, 1975, as amended, are as under:

PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2-A) OF THE COMPANIES ACT, 1956 DRAWING REMUNERATION NOT LESS THAN Rs. 60 Lakhs p.a./ Rs. Five Lakhs p.m. DURING THE YEAR 2011-12											
SR. No.	NAME	DESIGNATION	REMUNERATION RECEIVED	NATURE OF EMPLOYMENT	OTHER TERMS & CONDITIONS	NATURE OF DUTY	QUALIFICATION & EXPERIENCE	DATE OF COMMENCEMENT	AGE	Last Employment held	% of Equity Shares held as on 31.03.2012
1	DR. JIMMY MIRCHANDANI	CHAIRMAN AND MANAGING DIRECTOR	88,25,600	CONTRACTUAL	N.A.	MANAGING THE AFFAIRS OF THE COMPANY	B. Sc. (Vet); LLB	15.01.1976	56	N.A.	26.23
2	DR. RAHUL MIRCHANDANI	EXECUTIVE DIRECTOR	87,77,604	CONTRACTUAL	N.A.	MANAGING THE AFFAIRS OF THE COMPANY	B. Com; CFA; MBA; Ph.D	02.02.1994	36	N. A.	20.17

LISTING

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited(BSE) and National Stock Exchange of India Limited(NSE).

The Company has made all the compliances of Listing Agreement including payment of Annual Listing Fees upto 31st March, 2013 to both the Stock Exchanges.

CORPORATE GOVERNANCE

The Company has complied with the various requirements under the Corporate Governance reporting system. A detailed Compliance Report on Corporate Governance is annexed to this report. The Auditors' certificate on compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreement is also annexed to this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

Particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required to be disclosed under Section 217(1) (e) of the Companies Act, 1956 read with the Companies {Disclosure of Particulars in the Report of the Board of Directors} Rules, 1988 and forming a part of the Directors Report are as under: -

I. Conservation of energy

The Company accords great importance to conservation of energy. The main focus of the Company during the year was:

- a. Energy Conservation measures taken:-
 - i. Close monitoring of consumption of electricity, LPG, Diesel and water.
 - ii. Optimum use of Energy by Switching off Machines, Lights, Fans, Air Conditioners and Exhaust Systems whenever not required.
 - iii. Creating awareness among Workmen to conserve energy.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy;
 - i. installation of energy efficient lights in the office and factory
 - ii. installation of LED lights.
- c. Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
 - i. Due to measures taken as described above, the overall power and fuel oil consumption at plants and office has reduced and reduction in the cost of production is achieved.
- d. Total energy consumption and energy consumption per unit of production

Form –A

Form for disclosure of Particulars with respect to Conservation of Energy.

	Current Year 2011-2012	Previous Year 2010-2011
(a) Purchased: -		
(i) Unit (KWH)	7,65,087	7,39,986
(ii) Total Amount (Rs.)	54,04,825	55,67,153
(iii) Rate/Unit (Rs.)	7.06	7.51
(b) Own Generation: -		
(i) Coal	Not Applicable	Not Applicable
(ii) Furnace Oil - Kl	23,596	12,397
(iii) Internal Generation – Units	97,110	51,978

II. Form for disclosure of particulars with respect to Technology Absorption, Research and Development

(A) RESEARCH AND DEVELOPMENT:

1. **Specific Areas in which Research and Development was carried out by the Company.**
 - There is a continuous focus on University research on specialty plant nutrition which continues across India.
 - Our team of extension officers conducts continuous field demonstrations and extension work including large scale soil sampling, which provides constant updates on deficiency levels across all states in India.
 - The Company's R&D at Bombay is ISO 9001 certified and works on new product development and continuous quality checks. The new manufacturing unit at Hyderabad has been equipped with a state of art laboratory to keep pace with the Company's expansion in that region.
 - Our ISO 9001 certification has now been upgraded from the ISO 9001:1998 standard to the latest ISO 9001:2008 standards.
2. **Benefits derived as a result o the above efforts.**
 - Improvement in productivity/quality and reduction in cost of production of Company's Plants and at Customer's end.
 - Cost reduction, import substitution, safer environment and strategic resource management.
 - Meeting the statutory requirements.
3. **Future Plan of Action :**
 - Evaluation of potential Customized Crop Specific combinations for enhancement nutrients.
 - Design of secondary packaging automation for chelamin and other brands.

4. Expenditure on R & D

Description	For the year ended 31 st March, 2012	For the year ended 31 st March, 2011
	(Rupees)	(Rupees)
(I) Capital	52,506	7,110
(II) Recurring	21,85,106	21,00,226
(III) TOTAL	22,37,615	21,07,336
(IV) Total R & D expenditure as a % of		
a. Gross Turnover	0.12	0.23
b. Net Turnover	0.12	0.14

B1. Technology Absorption, Adaptation and Innovation

The Management has focused on productivity and Total Quality Management [TQM] in order to optimize manufacturing costs.

B2. Benefits

This has helped in achieving optimum manufacturing costs, improved quality of products and consequently, enhanced customer satisfaction. The Company uses indigenous technology.

B3. The Company has not imported any technology during the year under review.

C. Foreign Exchange Earnings and Outgo

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

International sales have commenced in 6 countries with supplies from Indian and UAE factories. Distributors have been appointed in 4 countries and we expect export and global sales to continue to grow rapidly and form 20/25 % of the group revenues of the Company by Financial Year 2012-13

2. Total Foreign Exchange used and earned:

Used : Rs. 53,46,64,959/-

Earned: Rs. 5,42,50,195/-

3. INITIATIVE FOR EXPORTS

Our overseas manufacturing units(Subsidiaries) have started supplying Sulphur Bentonite to key fertilizer companies in India and also in other countries including Pakistan, Australia and Tanzania during 2011-12. International sales accounted for 29 percentage of total group consolidated revenue and we believe that in the next 2 years exports and global sales shall be maintained at similar level.

SPECIAL BUSINESS

As regards the items of the Notice of the AGM relating to Special Business, the resolutions incorporated in the Notice and the Explanatory Statement relating thereto, fully indicate the reasons for seeking the approvals of members to those proposals. Your attention is drawn to these items and Explanatory Statement annexed to the Notice.

GENERAL

Notes forming part of the Accounts are self-explanatory. As required under the VAT Acts of various States, Company has appointed a VAT Auditor to conduct the VAT Audit.

CORPORATE SOCIAL RESPONSIBILITY

Your Company continues to demonstrate a strong commitment towards providing products which do not hamper the soil and crop eco systems. A detailed Report on Corporate Social Responsibility is annexed to this report.

ACKNOWLEDGEMENT

We would like to acknowledge with gratitude, the support and co-operation extended by Shareholders, Vendors, Media and Banks and look forward to their continued support. We appreciate continued co-operation received from various regulatory authorities including Department of Agriculture, Department of Corporate Affairs, Registrar of Companies, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and Depositories. We also recognize and appreciate the sincere hard work, loyalty and efforts of the employees and look forward to their continued support.

For and on behalf of the Board,

Place: Mumbai
Date: 14th August, 2012

Dr. Jimmy Mirchandani
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

Corporate Governance Philosophy

The Company is fully committed to the principles of good Corporate Governance. It ensures efficient conduct of affairs of the Company to achieve its goal of maximizing value for its stakeholders. In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details are set out below:-

1. Board of Directors

(A) Board Composition

The Board of Directors of the Company ('the Board') consists of 6 Directors, headed by an Executive Chairman and out of which Four(4) are Non Executive Directors. Three(3) are Independent Directors. The Independent Directors are eminent professionals, with experience in Nutrition, Management and Strategy, Banking etc. Composition of the Board and category of Directors are as follows:

Category	Name of the Directors
Promoter- Executive Directors	Dr. Jimmy Mirchandani Chairman & Managing Director
	Dr. Rahul Mirchandani Executive Director
Promoter- Non-Executive Directors	Mr. Akshay Mirchandani
Independent- Non-Executive Directors	Dr. D. S. Jadhav
	Prof. R.S.S. Mani
	Mr. Chakradhar Bharat Chhaya

(B) Attendance and Other Directorships

Attendance of Directors at Board Meetings, last Annual General Meeting and number of other Directorships and Chairmanships/ Memberships of Committees of each Director in various Companies as on 31st March, 2012 is as follows:-

Name of the Director & Designation and category	Attendance of Meetings during 2011-12		Directorship in other Public Companies incorporated in India	No. of Membership(s)/ Chairmanship(s) of Board Committees in other Companies	Inter Se Relation-ship
	Board Meetings	Last AGM held on 29 th September, 2011			
Dr. Jimmy Mirchandani Chairman & Managing Director (Promoter)(CMD)	4 (4)	Yes	1	NIL	Brother of ED and father of NED
Dr. Rahul Mirchandani Executive Director (Promoter)(ED)	3 (4)	Yes	2	NIL	Brother of CMD
Dr. D. S. Jadhav Director Non Executive (Independent)	4(4)	Yes	NIL	NIL	N.A.
Prof. R. S. S. Mani Director Non Executive (Independent)	4(4)	Yes	NIL	NIL	N.A.
Mr. Akshay Mirchandani Director Non-Executive (Promoter)(NED)	1(4)	Yes	NIL	NIL	Son of CMD
Mr. Chakradhar Bharat Chhaya Director Non Executive (Independent)	4(4)	No	3	6 (including 3 as Chairman)	N.A.

None of the Directors on the Board holds the office of Director in more than 15 Companies or Membership of Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees across all Companies.

(C) Board Meetings

The Agenda and Background notes with supportings are circulated to the Directors well in advance of the Board Meetings and additional items, if any, are tabled in the course of the Board Meetings. During the year information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for its consideration. The minutes of all the Committees of the Directors are placed before the Board and noted by them.

Four Board Meetings were held during the year, on 12.05.2011, 10.08.2011, 10.11.2011 and 14.02.2012.

The gap between two board meetings did not exceed four months.

(D) Code of Conduct

The Company has adopted a Code of Conduct for the members of the Board and the Senior Executives in compliance with the provision of Clause 49 of the Listing Agreement. All the members of the Board and the Management Committee have affirmed compliance to the Code of Conduct as on 31-03-2012, and a declaration to that effect signed by the Chairman & Managing Director is attached and forms a part of this Report.

BOARD COMMITTEES
2. AUDIT COMMITTEE
i) Brief description of terms of reference

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of Audit Fee.
- c. Approval of payment of Statutory Auditors for any other services rendered by the Statutory Auditors.
- d. Reviewing with the Management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
 - i) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of section 217 of the Companies Act, 1956;
 - ii) Any Changes in Accounting Policies and Practices; reasons for the same;
 - iii) Major accounting entries involving estimates based on the exercise of judgment by Management;
 - iv) Significant adjustments made in the Financial Statements arising out of Audit findings;
 - v) Compliance with Accounting Standards;
 - vi) Compliance with Stock Exchanges and legal requirements concerning Financial Statements;
 - vii) Any Related Party transactions i.e transactions of the Company of material nature, with Promoters or the Management, their Subsidiaries or Relatives etc. that may have potential conflict with the interests of the Company at large.
 - viii) Qualifications in the draft Audit Report.
- e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- g. Reviewing with the Management, Statutory and Internal Auditors the adequacy of the Internal Control Systems.
- h. Reviewing the adequacy of Internal Audit function, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit.
- i. Discussion with Internal Auditors any significant findings and follow up thereon.
- j. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board.
- k. Discussion with Statutory Auditors before the Audit Commences, about the nature and scope of Audit as well as post-audit discussion to ascertain any area of concern.
- l. Reviewing the Company's Financial and Risk Management Policies;
- m. To look into the reasons for substantial defaults in the payment to the Depositors, Debenture Holders, Shareholders (in case of non payment of declared dividends) and creditors.
- n. To approve appointment of Chief Financial Officer before finalization of the same by the Management

The terms of reference of the Audit Committee are in accordance with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Committee acts as a link between the Management, Auditors and Board of Directors of the Company and has full access to financial information.

Recommendations of the Audit Committee, if any, are considered and implemented by the Board from time to time.

(ii) Composition, Name of Members and Chairperson

The Audit Committee comprises of the following Directors:

Prof. R. S. S. Mani : Chairman (Independent Director)

Dr. D. S. Jadhav : Member (Independent Director)

Dr. Rahul Mirchandani : Member (Non-Independent Director)

The Chairman of the Audit Committee remains present at the Annual General Meeting. The previous Annual General Meeting of the Company was held on 29th September, 2011 and was attended by Prof. R. S. S. Mani, Chairman of the Audit Committee.

(iii) Meetings and Attendance during the year

The Audit Committee met 4 times during the year on 12.05.2011, 10.08.2011, 10.11.2011 and 14.02.2012. Not more than four months had elapsed between any two meetings.

The attendance of each member of the Committee is given below:

Name of the Director	No. of meetings attended
Prof R. S. S. Mani	4
Dr. D. S. Jadhav	4
Dr. Rahul Mirchandani	3

The Statutory Auditors and the Internal Auditors and Chief Financial Officer are permanent invitees to the meetings of the Committee. The Company Secretary is the Secretary of the Committee.

3. REMUNERATION COMMITTEE

(i) Brief description of Terms of Reference

To determine the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment.

(ii) & (iii) Composition, Name of members, Chairperson & Attendance during the year

Remuneration Committee consists of Dr. D. S. Jadhav, Prof. R. S. S. Mani and Mr. Chakradhar Bharat Chhaya all Independent Directors, as members. Dr. D. S. Jadhav is the Chairman of the Committee. The Committee did not have any meeting during the year.

(iv) Remuneration Policy

The remuneration policy for Working Directors is in line with the other peer Companies and reviewed periodically. The payment of remuneration is duly approved by the Board of Directors upon the recommendation of the Remuneration Committee and subsequently confirmed by the Shareholders.

(v) Details of Remuneration paid to the Directors for the year ended 31st March 2012.

i) Managing Director and Executive Director.

The Agreements with the Chairman & Managing Director and Executive Director are for a period of three Years from 01.10.2009 to 30.09.2012. They are due for re-appointment w.e.f. 01/10/2012. Their re-appointment is forming part of the Notice and the Agenda of the ensuing Annual General Meeting scheduled on 28th September, 2012.

The total remuneration paid to the Managing Director and Executive Director during the year 2011-12 was as under:

(Rupees Lacs)				
Name	Salary	Commission	Contribution to Provident Fund Gratuity	Total
Dr. Jimmy Mirchandani Chairman & Managing Director.	46,80,000	38,00,000	3,45,600	88,25,600
Dr. Rahul Mirchandani Executive Director	45,60,004	38,00,000	4,17,600	87,77,604

Notes:

- The Agreements with the Managing Director, and Executive Director are for a period of three years upto 30th September, 2012. Either party to the Agreement is entitled to terminate by giving the other party a notice of 3 months They are due for re-appointment w.e.f. 01/10/2012. Their re-appointment is forming part of the Notice and the Agenda of the ensuing Annual General Meeting scheduled on 28th September, 2012.
- The Managing Director and Executive Director are entitled to compensation for loss of office in accordance with and subject to restrictions laid down under section 318 of the Companies Act 1956.
- Presently, the Company does not have a scheme for grant of Stock Options to its Working Directors
- The Managing Director and Executive Director are entitled to Commission within the overall limit prescribed under sections 198 & 309 of the Companies Act, 1956.
- The Non Executive Directors are not entitled to any Remuneration except payment of Sitting Fees for attending the Meetings of Board of Directors and Committees thereof. During the year 2011-12, the Company has paid total Sitting Fee of Rs. 4,05,000/- to Non Executive Directors as under:

Dr. D. S. Jadhav	Rs. 1,20,000.00
Prof. R. S. S. Mani	Rs. 1,25,000.00
Mr. Akshay Mirchandani	Rs. 20,000.00
Mr. C. B. Chhaya	Rs. 1,40,000.00

4. SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE

(i) Composition of the Committee

The Shareholders/ Investors Grievance Committee has been constituted to specifically look into redressing the Shareholders and Investors' Complaints.

The Committee consists of the following members:

Prof. R. S. S. Mani	: Chairman
Dr. Jimmy Mirchandani	: Member
Dr. Rahul Mirchandani	: Member

(ii) Name & Designation of Compliance Officer:

Mr. Qaiser Parvez Ansari, Company Secretary or in his absence Mr. S. Ramamurthy, Chief Financial Officer is designated as Compliance Officer of the Company.

(iii) to (v) A statement of various Complaints received and cleared by the Company during the year ended on 31st March, 2012 is given below:

	Nature of Complaint	Opening	No. of Complaints Received	Redressed	Pending
1.	Non- receipt of Refund Orders	1	0	1	0
2.	Non- receipt of Dividend Warrants	0	3	3	0
	TOTAL	1	3	4	0

As per revised Clause 47(F) of the Listing Agreement the E-mail ID of the Investor Grievance Department of the Company is investorrelations@ariesagro.com.

The Web Site address of the Company is www.ariesagro.com.

5. TREASURY COMMITTEE (VOLUNTARY)

Composition of the Committee

The Treasury Committee was constituted by the Board of Directors of the Company in their meeting held on 28th January, 2010 to consider and approve financial needs (borrowings of the Company) from time to time and negotiate the Terms and Conditions with the Banks/Financial Institutions, avail the Credit Facilities and finalize and sign Agreements, Deeds, Documents etc with the Banks/Financial Institutions.

The Committee consists of the following members:

Dr. Jimmy Mirchandani	: Chairman
Dr. Rahul Mirchandani	: Member
Mr. C. B. Chhaya	: Member

6. General Body Meetings

(i) and (ii) The date, time and venue of the last 3 General Body Meetings of the Company is given below:

Financial Year ended	Date	Time	Venue	Details of Special Resolutions
31 st March, 2009	29-09-2009	10.00 a.m.	The Acres Club, Hemu Kalani Marg, Chembur, Mumbai-400 071	1. Re-appointment and fixation of remuneration of Dr. Jimmy Mirchandani, Chairman & Managing Director and Dr. Rahul Mirchandani, Executive Director for a period of 3 years w.e.f. 01.10.2009. 2. Amendment in the terms of the deployment of the IPO Funds referred to in the Prospectus dated 26 th December, 2007.
31 st March, 2010	17-09-2010	10.00 a.m.	The Acres Club, Hemu Kalani Marg, Chembur, Mumbai-400 071	Amendment of the Objects Clause of the Memorandum of Association of the Company by insertion of a new Clause for Borrowing.

Financial Year ended	Date	Time	Venue	Details of Special Resolutions
31 st March, 2011	29-09-2011	10.00 a.m.	The Chembur Gymkhana, 16 th Road, Chembur, Mumbai-400 071	<ol style="list-style-type: none"> 1. Approval of Appointment and Payment of Remuneration to Mr. Akshay Mirchandani by Step Down Subsidiary M/S Amarak Chemicals FZC, Fujairah, UAE. w.e.f. 30.12.2010 2. Approval of Appointment and Payment of Remuneration to Mr. Akshay Mirchandani by the Subsidiary M/S Golden Harvest Middle East FZC, Sharjah, UAE. w.e.f. 01.04.2011. 3. Approval of Appointment and Remuneration of Mr. Amol Mirchandani by the Company w.e.f. 07.04.2011.

(iii) to (iv) No Postal ballot was conducted during the year under review. No Extra Ordinary General Meeting was held.

7. DISCLOSURES

- (i) During the year under review, besides the transactions reported in Notes to the Accounts of the Annual Report, there were no other Related Party Transactions with the Promoters, Directors and Management that had a potential conflict with the interest of the Company at large.

All the transactions with Related Parties are periodically placed before the Audit Committee. The Register of Contracts detailing transactions in which Directors are interested is placed before the Board at every Meeting for its approval. Transactions with Related Parties, as per requirements of Accounting Standard 18 are disclosed in Note No. 27-B to the Accounts in the Annual Report and they are not in conflict with the interest of the Company at large.

- (ii) There have been no instances of Non-Compliance on any matter with the Rules and Regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other Statutory Authority relating to the Capital Markets during the last three years.
- (iii) The Company has not adopted any Whistle Blower Policy. However, no personnel has been denied access to the Senior Management.
- (iv) The Company has complied with the mandatory requirements regarding the Board of Directors, Audit Committees and other Board committees and other disclosures as required under the provisions of the revised Clause 49 of the Listing Agreement. The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:
- Maintenance of the Chairman's Office:** The Company has an Executive Chairman and the office provided to him for performing his executive functions is also utilized by him for discharging his duties as Chairman. No separate office is maintained for the Non-Executive Chairman of the Audit Committee but Secretarial and other assistance is provided to him, whenever needed, in performance of his duties.
 - Tenure of Independent Directors:** No specific tenure has been specified for the Independent Directors.
 - Remuneration Committee:** The Company has set up a Remuneration Committee consisting of three Non Executive Independent Directors. Please see the paragraph on Remuneration Committee.
 - Shareholders' rights:** Un-Audited Quarterly Financial Results are posted on the website of the Company.
 - Audit Qualification:** The Auditors remarks if any are explained in the Directors Report and necessary actions are also taken by the Company when required. The Company shall endeavor to have unqualified Financial Statements.
 - Training of Board of Directors:** The Directors of the Company are persons from Business and Profession with experience in Corporate Sector. They are being kept posted with various Statutory and Regulatory changes which are applicable to the Company.
 - Mechanism for evaluating Non-Executive Board Members:** Non Executive Members of the Board are highly qualified and there is no need for evaluation.
 - Whistle Blower Policy:** The Company has so far not framed a formal whistle blower policy. However, the employees of the Company have free access to the Board of Directors, Audit Committee and Senior Management personnel to report their concerns about unethical behaviour, fraud or violation of statutory requirements, with assurance from the Management to protect the employees from victimization in case they report any such unethical or fraudulent behaviour.
 - Board disclosures-Risk Management:** The Board is kept informed about the Risk Management being followed by the Company from time to time. All the risks such as fire, marine, burglary, earthquake etc. have been adequately insured.
 - CMD/CFO Certification**
Chairman & Managing Director/Chief Executive Officer and Chief Financial Officer have issued necessary certificate pursuant to the provisions of clause 49 of the Listing Agreement and the same is annexed and forms part of the Annual Report.
 - Declaration regarding Code of Conduct**
Declaration by the Chairman and Managing Director confirming compliance with the Code of Conduct as adopted by the Company is annexed and forms part of the Annual Report.

8. Shareholding of the Non-Executive Directors

The Company's Articles of Association do not require its Directors to hold any Qualification Shares. The details of the shareholding of its Non Executive Directors are given below:

Name of the Non Executive Directors	Number of Equity Share (Pre-Issue)
Dr. D. S. Jadhav	1,050
Prof. R. S. S. Mani	NIL
Mr. Akshay Mirchandani	3,61,875
Mr. C. B. Chhaya	NIL

9. MEANS OF COMMUNICATION

Website: The Company's website www.ariesagro.com where relevant information is available. Full Annual Report is also available on the website in a user-friendly and downloadable form.

Annual Report: Annual Report containing inter alia Directors' Report, Auditor's Report, Audited Annual Accounts and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report.

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In line with the requirements of Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report is also provided elsewhere in this Annual Report.

11. A. Disclosure on materially significant Related Party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their relatives, or Subsidiaries, etc. that may have potential conflict with the interests of the Company at large

Attention of Members is drawn to the disclosures of transactions with the Related Parties set out in Note No. 27-B in the Notes to Accounts forming part of the Annual Report.

All Related Party transactions are negotiated on arms length basis and are only intended to further the interests of the Company.

None of the transactions with any of the Related Parties were in conflict with the interest of the Company.

B. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any other Statutory Authority, on any matter related to Capital Markets.

There has been no instance of Non-Compliance by the Company on any matter related to Capital Markets since it got listed on 11th January, 2008 and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority.

12. General Shareholders Information

(i) Annual General Meeting

The 42nd Annual General Meeting of the Shareholders will be held on Friday, 28th September, 2012 at 10.00 a.m.

Venue : The Chembur Gymkhana, 16th Road, Chembur, Mumbai – 400 071.

(ii) Financial Calendar:-

For the year ending 31st March, 2013 the Financial Results will be announced on:

First Quarter : On or before 14th August, 2012

Half year : On or before 14th November, 2012

Third Quarter : On or before 14th February, 2013

Yearly : On or before 30th May, 2013

(iii) Date of Book Closure: - Saturday, 22nd September, 2012 to Friday, 28th September, 2012 (both days inclusive)

(iv) Dividend, if any, declared by the Members in the ensuing Annual General Meeting will be paid on 23rd October, 2012.

(v) Listing: The Equity Shares of the Company are listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

(vi) ISIN NO. : INE298I01015

Scrip Code : BSE - 532935

NSE - ARIES

(vii) Listing Fee : The Listing Fee for the financial year 2012-2013 has been paid to the above Stock Exchanges.

(viii) Market Price Data: high, low during each month in the last Financial Year.

Monthly Share Price Data of the Company's shares on BSE for the year ended 31st March, 2012

Month	Highest		Lowest	
	Rate (Rs.)	Date	Rate (Rs.)	Date
April, 2011	136.00	13.04.2011	118.30	01.04.2011
May, 2011	129.45	13.05.2011	100.20	26.05.2011
June, 2011	118.80	10.06.2011	98.45	22.06.2011
July, 2011	121.00	18.07.2011 19.07.2011	101.60	12.07.2011
August, 2011	114.00	01.08.2011	77.20	24.08.2011
September, 2011	113.60	22.09.2011	82.10	12.09.2011
October, 2011	94.85	31.10.2011	83.60	25.10.2011
November, 2011	98.00	04.11.2011	73.05	23.11.2011 24.11.2011
December, 2011	83.75	09.12.2011	62.05	30.12.2011
January, 2012	84.60	27.01.2012 31.01.2012	64.00	02.01.2012
February, 2012	104.95	15.02.2012	77.00	02.02.2012
March, 2012	87.20	15.03.2012	74.55	28.03.2012

Monthly Share Price Data of the Company's shares on NSE for the year ended 31st March, 2012

Month	Highest		Lowest	
	Rate (Rs.)	Date	Rate (Rs.)	Date
April, 2011	135.90	15.04.2011	117.60	26.04.2011
May, 2011	125.00	12.05.2011	100.50	25.05.2011
June, 2011	118.75	10.06.2011	98.50	28.06.2011
July, 2011	121.40	19.07.2011	101.10	13.07.2011
August, 2011	116.40	04.08.2011	75.60	24.08.2011
September, 2011	113.70	22.09.2011	81.05	12.09.2011
October, 2011	95.15	17.10.2011	83.00	25.10.2011
November, 2011	96.50	09.11.2011	71.15	24.11.2011
December, 2011	83.50	09.12.2011	64.20	30.12.2011
January, 2012	85.20	27.01.2012	63.00	02.01.2012
February, 2012	102.05	15.02.2012	76.35	02.02.2012
March, 2012	85.85	14.03.2012	74.00	30.03.2012

(ix) Performance in comparison to BSE & NSE Sensex

Historic Graph



Historic Graph



(x) **Name and Address of the Registrar and Share Transfer Agents**

AARTHI CONSULTANTS PVT LTD

Regd. Office

1-2-285 Domalguda,

Hyderabad – 500029

Tel: 040 27638111 / 27634445 / 27642217 / 66611921

Fax: 040 27632184

Email: info@aarthiconsultants.com

(xi) **Share Transfer System**

Aarthi Consultants Private Limited processes transfer of shares held in Physical form and sends to the Company. If the relevant documents are in order and complete in all respects, the transfer of shares is effected and certificates are dispatched to the transferees within 30 days from the date of receipt.

The requests for dematerialisation of shares are processed by the Registrar and Share Transfer Agents and if all the documents are found to be in order, the same are approved by them within a period of 15 days.

(xii) (1) **Distribution of Share Holding as on 31st March 2012**

Shareholding of Nominal Value		Shareholders			Share Amount	
From	To	Number	No of Shares	% of Total	Rupees	% of Total
1	5000	7623	873404	85.20	8734040	6.72
5001	10000	764	553171	8.54	5531710	4.25
10001	20000	276	409051	3.09	4090510	3.15
20001	30000	98	248383	1.10	2483830	1.91
30001	40000	46	162819	0.51	1628190	1.25
40001	50000	41	192109	0.46	1921090	1.48
50001	100000	45	347427	0.50	3474270	2.67
100001	And above	54	10217975	0.60	102179750	78.57
TOTAL		8947	13004339	100.00	130043390	100.00

(2) **Distribution of shareholding according to categories of shareholders as on 31st March, 2012**

Categories	No. of Shares	Amt. in Rs.	% to Total
Promoters	6857926	68579260	52.74
Directors (Independent)	1050	10500	0.01
Financial Institutions/ Banks	--	--	--
Mutual Funds / UTI	1185560	11855600	9.11
NRIs / OCBs/FIIs	459866	4598660	3.54
Other Bodies Corporate	1127714	11277140	8.67
Public	3372223	33722230	25.93
Total	13004339	130043390	100.00

For the purpose of SEBI (Substantial Acquisition of Shares & Takeover) Regulation 1997, the following Companies are to be considered as Group Companies belonging to Promoters Group.

Sr. No.	Name of the Companies	Shareholding as on 31.03.2012
1.	Sreeni Agro Chemicals Pvt. Ltd.	NIL
2.	Aries Marketing Ltd.	NIL
3.	Blossoms International Ltd.	NIL
4.	Aries East-West Nutrients Pvt. Ltd.	NIL

Subsidiary Companies

A list of Subsidiary Companies is given in Note No. 27-A of the Notes to Accounts forming part of the Annual Report.

All the Subsidiary Companies are Board managed. As the majority share holder, the Company has nominated its representative on the Board of Subsidiary Companies to monitor performance of such Companies. These are not material Subsidiaries as defined under Clause 49 of the Listing Agreement.

(xiii) **Details of Demat Shares as on 31st March, 2012**

Name of Depository	No. of Shareholders	No. of Shares	% of Capital
NSDL	6045	11542009	88.76
CDSL	2719	1117239	8.59
Sub-Total	8764	12659248	97.35
Physical Mode	183	345091	2.65
Grand Total	8947	13004339	100.00

(xiv) The Company has not issued any GDR's/ ADR's, Warrants or any other convertible instruments.

(xv) **Plant Location: -**

Location	Address
Mumbai	• ARIES House, Plot No. 24, Deonar, Govandi(E), Mumbai-400 043, Maharashtra
Kolkata	• ALW Estate Private Limited, Holding No. F-189, Ward 28, South Station Road, Salpata Bagan, Agarpara, Kolkata, 700 109, West Bengal
Hyderabad	• 244-246, 250-252, IDA Phase-II, Pashamylaram, Patancheru Mandal, Medak Dist., Andhra Pradesh
Bangalore	• 8-B, Attibele Industrial Area, Hosur Main Road, Attibele, Bangalore - 562 107, Karnataka
Sanand, Ahmedabad	• Shri Hari Oil Mill Compound, Near Muni Kripa Rice Mills, Opp. B/D Eye Hospital, Viramgam Road, Sanand, Distt. Ahmedabad-382 110, Gujarat
Lucknow	• Plot No. 836, Banthara, Lucknow-Kanpur Highway, Sikandarpur, Tehsil & Distt. Lucknow, U. P., 227 101
Sharjah, UAE	• Golden Harvest Middle East FZC(a Subsidiary of Aries Agro Limited)) Plot P3-04, Post Box No. 9267, Sharjah Airport International Free Zone(SAIF)Sharjah, UAE
Fujairah, UAE	• Amarak Chemicals FZC(a Subsidiary of Golden Harvest Middle East FZC thereby a Step Down Subsidiary of Aries Agro Limited) Al Hayl Industrial Area P. O. Box 5283 Fujairah Free Zone(FFZ) Fujairah, UAE

(xvi) Address for Correspondence:

- i) Any query relating to the shares of the Company for Shares held in Physical Form and Shares held in Demat Form should be addressed to:

M/s. Aarthi Consultants Pvt. Ltd.
1-2-285 Domalguda,
Hyderabad – 500029
Tel: 040 27638111 / 27634445 / 27642217 / 66611921
Fax: 040 27632184
Email: info@aarthiconsultants.com

- ii) For grievance redress and any query

Mr. Kaiser P. Ansari, Company Secretary & Compliance Officer OR Mr. S. Ramamurthy, Chief Financial Officer, at the following address

Aries Agro Limited
Aries House, Plot No. 24,
Deonar, Govandi (E)
Mumbai – 400043
Tel: 022 25564052 / 53
Fax: 022 25564054
Email: investorrelations@ariesagro.com
Web Site: www.ariesagro.com

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AUDITORS' CERTIFICATE

To the Members of Aries Agro Limited

We have examined the compliance of the conditions of Corporate Governance by Aries Agro Limited for the year ended 31st March, 2012, as stipulated in clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with Guidance Note of Certificate of Corporate Governance(as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

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

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

For **Kirti D. Shah & Associates**
Chartered Accountants

Kirti D. Shah
Proprietor
Membership No. 32371

Mumbai
Date: 14/08/2012

Declaration by the Chairman & Managing Director to the Compliance of Code of Conduct in pursuance of Clause 49 (D) (ii) of the Listing Agreement

It is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed to the Board of Directors, their compliance with the Code of Conduct of the Company pursuant to Clause 49 (D) (ii) of the Listing Agreement.

Dr. Jimmy Mirchandani

Chairman & Managing Director

Date: 14/08/2012

MANAGING DIRECTOR(MD) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION.

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Aries Agro Limited ("The Company") to the best of our knowledge and belief certify that :

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on 31st March, 2012 and based on our knowledge and belief we 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) We further state that to the best of our 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. We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - i. There have been no significant changes in the internal controls over financial reporting during the year.
 - ii. There have been no significant changes in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii. There have been no instances of significant fraud of which we 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.

Dr. Jimmy Mirchandani
Chairman & Managing Director

S. Ramamurthy
Chief Financial Officer

Mumbai

14th August, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

Forward Looking Statements

This report contains forward looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward looking statements. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the Directors and Management of the Company, about the business, industry and markets in which the Company operates. These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, many of which are beyond Company's control and difficult to predict, that could alter actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of the Company. In particular, such statements should not be regarded as a projection of future performance of the Company. It should be noted that the actual performance or achievements of the Company may vary significantly from such statements.

Manufacturing Base

Aries has scaled up the utilization of its manufacturing facilities during the year 2011-12 and the total capacity utilization currently stands at 48 percentage of the total installed capacity of 84,600 MT p.a. in India. Our international manufacturing facilities at UAE have also shown improved capacity utilization which currently stands at 30 percentage of the total installed capacity overseas.

The Company has also procured land admeasuring 3 acres at Chhatral, located near Ahmedabad, Gujarat, for shifting the existing manufacturing unit at Sanand. The construction and commissioning of this new Unit will be carried out during the second half of 2012-13.

We were awarded **"Certificate of Excellence" in recognition of our Exemplary Growth** – in this year's Inc India 500 ranking of India's 500 fastest-growing mid-size enterprises. Inc. India 500 is an offshoot of the annual Inc. 500 Awards: "Est. in 1982 in America. Inclusion on this list is a mark of entrepreneurial success and elevates our company above its competitors and is a proof of the talent, drive and hard work our team have brought to our business

Global Sourcing

Aries has sourced 73 percentage of its total raw materials from overseas suppliers located in China, UAE, Belgium, South Africa, South America, Jordan, Taiwan, Japan and Israel. Imports constitute 50 percentage of our total purchases and our Company has identified a pool of reliable overseas suppliers. However, the depreciation in the Indian rupee and large volatility in exchange rates during the financial year 2011-12 especially after October 2011 have resulted in a foreign exchange loss of over Rs. 1.49 Crores in total during the year under review.

Industry Trends

2011-12 once again highlighted the dependence of the agri business sector on weather conditions. The Kharif (summer) season began

about a month late due to delayed rains. But there was adequate rainfall received during the season over all. As a result, the first half of the financial year showed positive growth and healthy demand for the entire range of products.

However, this was followed by highly unlikely situation of an extreme cold wave during the Rabi (winter) season. Cold wave conditions have never existed in such a widespread fashion in the past and it resulted in several crops across all Northern and Central states being affected due to crop dormancy and frost attack. Productivity being adversely affected, several areas did not generate the kind of demand as in the past years. The winter season did hamper our growth plans as a result of this new uncertainty. Despite this, the Company's revenues increased by 16 percent in the second half of the year. Though for the sake of improving demand additional trade schemes and discounts were offered to retain market share affecting profitability in the fourth quarter.

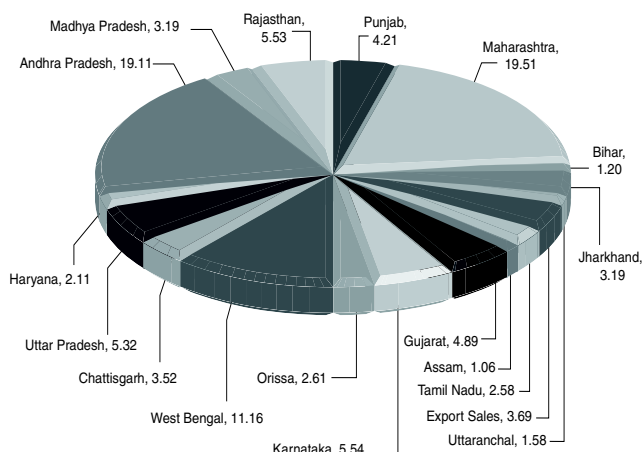
The highly erratic supply position and increased rates of Urea and DAP fertilizers added to the demand for the Company's range of NPK Water Soluble Fertilizers. The growth of this segment of the Company's product range has changed the product mix. As a result, Aries sales of water soluble fertilizers now constitutes 15 percent of the total sales, an increase of 45.68 percent over the previous year. It must be noted that the margins on NPK Water Soluble Fertilizer are lower than micronutrients and secondary nutrients as a result of which increased sales in this segment (especially in the second half of the year) did have an impact on overall margins.

The summary of the statewide revenue growth is as under:

States with sales growth above 50%	States with sales growth between 30% – 50%	States with sales growth between 15% - 30%	States with less than 15% sales growth
Jharkhand Orissa Chattisgarh	Uttaranchal Gujarat Karnataka Rajasthan	Assam Haryana Madhya Pradesh	Maharashtra Tamil Nadu West Bengal Uttar Pradesh Andhra Pradesh Punjab & Bihar

It is also noteworthy that international business increased by 62% and now constitutes 29% of the total revenue of the Aries Group.

STATEWISE SHARE OF REVENUES



In addition, the Company also scaled up its efforts to sell to large institutions. Institutional business though lower in profitability, however, it is strategically important to expand our overall market share.

Interest Costs:

Aries' business is working capital intensive and necessitates providing seasonal credit to dealers and distributors and maintaining inventories at 22 number of depots and 6 factories across the country. With a portfolio of 84 brands and multiple Stock Keeping Units (SKUs) for large number of products, the inventory load on working capital is also significantly high. As a result, the Company's working capital funding costs have risen especially due to interest rates being increased on numerous occasions during the financial year. In absolute terms the year under review showed an increase in interest costs by Rs.8.26 Crores and this represents an increase of 65%.

We recognize that a move to non-funded sources of working capital and also maintaining inventory of only 10 – 15 key products which constitutes the majority of the business of the Company is an alternative to reduce this drain on the Company's profitability due to increase interest costs.

The Company is taking steps to manage its inventory in line with the above strategy and is also imposing a new credit control system.

Cost Management

The rising costs of raw materials, fuel, processing, labour and interest rates continue to remain a source of concern and have impacted the Company during the entire financial year. Though the Company has raised its billing rates in 3 out of the 4 quarters of the financial year for its entire range of products, a major portion of the cost increase is yet to be passed on to the market. With depressed demand situation especially in the second half of the year, it was considered prudent not to increase prices beyond a point with an intention to retain interest of farmers in using specialty plant nutrients. Cost control on production and administrative costs have only partially been able to counter this inflationary pressure.

Man Power

The Company's expansion into new markets and increased penetration of existing markets has necessitated the increase of manpower from 645 to 765 persons during the year under review. We believe an additional number of 150 persons will be added to the Company's work force during 2012-13 subject to satisfactory results of this season. During the year 2011-12 we had planned to increase our staff strength by 125 people and as estimated we have added 120 numbers of staff to our pay roll.

Global Distribution:

International sales have commenced in 6 countries with supplies from Indian and UAE factories. Distributors have been appointed in 4 countries and we expect export and global sales to continue to grow and form 20 / 25 percent of the group revenues of the Company by Financial Year 2012-13.

Outlook:

The 2012 monsoons are expected to commence on schedule and all indications based on the Meteorological Dept. forecasts shows

that the summer season will see the country receive 98% of its long period average rainfall with a maximum 5% variation. This 'near normal' forecast sounds positive and we hope the spread and timing of the rain is also adequate.

The Company will be adding additional 2 products during the year 2012-13 including Zincated Sulphur Bentonite and Horticulture Mineral Oil for biological control of egg laying pests.

However, we shall also be progressively phasing out 10 numbers of products which are very similar to existing products in the range to avoid some amount of duplication and reduce the number of stock keeping units in our inventory.

Segmentwise / Productwise Performance

The Company has only one Reportable Segment in terms of Accounting Standard 17 issued by the Institute of Chartered Accountants of India .

Internal Control System

The Company has an extensive system of internal controls to ensure optimal utilization of resources and accurate reporting of financial transactions and strict compliance with applicable laws and regulations. The Company has put in place sufficient systems to ensure that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly.

Financial Performance:

The Company's Sales Turnover for the financial year ended March 31, 2012 increased to Rs. 19,162.38 Lakhs from Rs. 15,598.56 Lakhs in the previous year, registering a growth of 22.85%.

Total expenses for the year were Rs. 18,043.86 Lakhs as against Rs. 13,740.32 Lakhs in the previous year.

Profit Before Tax decreased to Rs. 1,650.24 Lakhs during the year as against Rs. 2,235.83 Lakhs in the previous year. The decrease in Profit Before Tax translates to 26 %.

Tax provision for the year was Rs. 552.01 Lakhs as against Rs. 764.03 Lakhs in the previous year which translates to 2.88% on FY 11-12 Sales.

Profit After Tax for the year was Rs. 1,098.23 Lakhs as against Rs. 1,471.80 Lakhs in the previous year which is 5.73 % of FY 11-12 Sales.

Resources and Liquidity:

As on March 31, 2012, the net worth of the Company stood at Rs. 11,775.14 Lakhs as against Rs. 10,958.00 Lakhs.

As on March 31, 2012, the Company had a Debt / Equity ratio of 1.05. The Company has not raised any Fixed Deposits from the public.

Human Resources:

As at the end of the financial year there were 765 employees under the permanent rolls and a few under contract. We have an ongoing arrangement with few labour supplier organisations for our various locations.

We have 150 workers in our permanent employment and sizeable numbers on contract working in our factories. The detailed breakup of the same is as under:

Sr. No.	Particular	Employees
1.	Skilled	56
2.	Semi-Skilled	8
3.	Unskilled	86
	Sub- Total	150
4.	Contract Labour	181
	TOTAL	331

The Department wise breakup of our manpower is as under:

Sr. No	Name of the Department	No. of Staff
1.	Accounts	44
2.	Administration	103
3.	Director	2
4.	Personnel & Administration	4
5.	Production (Staff)	29
6.	Production (Workers)	150
7.	Research & Development	8
8.	Sales	418
9.	Spray Dry Operator	5
10.	Legal & Secretarial	2
	TOTAL	765

Health/ safety/Environment Sensitivity

Health through nutrition:

- The Company promotes "Balanced Nutrition as a National Imperative", building resistance of crops to pests and diseases and hence lowering the usage of harmful and expensive pesticides

Environment Sensitivity:

- All Aries products are based on the philosophy of "Use less chemicals and use safe chemicals" – low doses of chemically inert and cost effective nutrient complexes
- The entire range of Aries Chelates are environmentally safe

Non Polluting:

- All Aries factories have zero effluents and produce no harmful emissions

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Aries continues to demonstrate a strong commitment towards providing products which do not hamper the soil and crop eco systems.

More Environmentally Sensitive Products

To demonstrate the commitment to preserve the environment, Aries now packs its flagship brands in water soluble packaging. **The single spray tank dose packs are packed in packaging that self dissolves in water, a first in the plant nutrition industry in India.** This significantly reduces the use of aluminum foil and plastics.

Aries and Institute of Technology and Management (ITM) Trust have entered into a Memorandum of Understanding (MoU) on February 14, 2012 to work together towards the launch of a specialized ITM-Aries Agro PGDM Programme in Agribusiness Management. The first batch for this programme will begin on ITM's Warangal and Mumbai campuses from June 2012 onwards.

The objective of Aries and ITM Trust is to develop a cadre of well trained professional Managers for the Agribusiness sector through the design and delivery of a high quality course of study. The Program is unique in its design and has customized curriculum developed by Aries incorporating training in vernacular languages, courses on Indian agribusiness histories, Indian culture and traditions, the science of Commercial Agriculture and even a 'living laboratory' project through which students will adopt a parcel of land from local farmers, implement productivity enhancement techniques and document demonstrated agro-economic advantages of Indian Good Agricultural practices.

ITM Business School's radically redesigned PGDM iConnect Program, which incorporates immersive 6-month industry internships, along with innovative course methodologies and projects, will further add to the uniqueness of the Agri-Business specialization. Aries will be working closely with ITM Business School, from the selection of candidates to the program and faculty development, to the delivery of the curriculum and placement of graduates within Aries as well as other major companies in the sector.

Spreading Knowledge:

Aries continues to strongly support activities of the Confederation of the Indian Industry's Young Indian Farmer Network. **Over 660 knowledge dissemination activities were undertaken during the year under review impacting 34,550 farmers**

Aries organized two national level conferences UNICONNECT and AGROMAX at Thanjavur and Coimbatore respectively. The unique feature of these events have been that they had participation on a common intellectual platform from top government officials, opinion leaders, thought leaders from industry and academia, research scholars, scientists, agribusiness students and farmers from across India.

The conference focused on highlighting why farm productivity suffers due to poorly coordinated crop management practices, specifically imbalanced crop nutrition, overuse of crop protection chemicals, use of unsafe chemicals harming farm ecosystems, poor choice of seeds, amongst others.

It also included technical presentations that documented benefits due to using Good Agricultural Practices (GAP), along with cost benefit studies. The audience included distinguished scientists, State and Central Government officials from the Agriculture Ministry, Industry leaders and **1200 progressive farmers**. These events began a sustained, nationwide intellectual discussion on this most important subject, Increasing Agricultural Productivity.

Extension Activities / Farmer Training / Farmer Study Tours

This year Aries also identified environmentally sustainable practices that will minimize the impact of using modern agri technologies and also understand the changes required to deal with climate change imperatives. This year we worked towards influencing the ecosystem of rural knowledge creation, advocacy for good agricultural practices and improving Indian harvests. These practices are key to improving the wealth creation in rural communities. The activities were aimed at increasing the exposure of young progressive farmers in innovation of world-class crop management techniques, which has proven cost benefit advantages. This was achieved by experiential sharing with researchers, agricultural universities, government extension officers and agricultural students and peer groups of farmers in neighbouring areas.

The following activities were carried out during the year, which shows the scale of work and the depth of method in key focus areas.

1. **Integrated Nutrient Management:** The farmers were trained on the balanced use of major, secondary and micro-nutrients along with organic and biological nutrition sources.
2. **Crop Management Technologies:** This is a holistic programme that covers all aspects from soil preparation, seed selection, choice of agricultural inputs, farm labour management, harvesting techniques and agri output marketing methods. Farmers involved in this session meet experts in these various fields for extremely interesting interactive session.
3. **Post-Harvest Management:** Wastage of agricultural output post-harvest in transit and storage is a matter of serious concern. The usage of more effective techniques to ensure loss of output in storage and transit is an essential part of awareness building.

Soil Testing Services

The Company has organized during the year soil testing camps in 18 states using Mobile Soil Testing Kits which analyse 7 parameters including pH, EC, NPK levels in soil, micro nutrient levels including Zinc, Ferrous, Boron, Organic Carbon, etc. Approximately 30,000 Soil Health Cards were issued to farmers in 11 States providing an additional service in order that they understand the specific nutrient needs of their farms.

Display Contest

Aries organized a Display Merchandising Contest in **10 States** and about **2000 Dealers & Retailers** participated by displaying the Aries range of products at their shop counters. The Best Display was judged and awarded prizes. This improved Point of Purchase recall and counters the creative skills of the dealers.

Influencer Relations

During the year the Company was represented at various industry bodies including Confederation of Indian Industry's Agricultural Council, Confederation of Indian Industry's Innovation Council, Indian Micro-Fertilizers Manufacturers Association (IMMA) and Fertilizer Association of India (FAI). At these forums, the Company advocated that balanced plant nutrition being recognized as a national imperative. It has also conducted various sessions with key influencers to promote the systematic spread of world class farmers' education and skilling programmes. The Company believes that the spread of knowledge is an essential part of its responsibility towards society development and nation building.

Through our products and our passion, Aries continually demonstrates that we are a responsible corporate citizen, working hard to retain the delicate balance of nature and the development of communities where we work and grow.

AUDIT REPORT TO THE SHARE HOLDERS OF ARIES AGRO LIMITED.

- i. We have audited the attached Balance sheet of **ARIES AGRO LIMITED**, as at 31st March, 2012 and also the annexed Profit & Loss Account and Cash Flow Statement of the Company for the period ended on that date annexed thereto. The preparation of financial statements is the responsibility of company management. Our responsibility is to express an opinion on these financial statements based on our audit.
 - ii. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes
 - (a) examining, on a test basis, evidence to support the financial statement amounts and disclosures in the financial statement
 - (b) assessing the accounting principles used in the preparation of financial statements
 - (c) assessing significant estimates made by the management in the preparation of the financial statements and
 - (d) evaluating overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion
 - iii. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
- a. We have 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 accounts as required by law, have been kept by the Company so far as appears from our examination of the books of the Company;
 - c. The Balance Sheet and the Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts of the Company
 - d. In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by, this report comply with all material respects with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director u/s 274(l)(g) of Companies Act, 1956;
 - f. The company is not a sick company within the meaning of section 3(1) (o) of the SICA Act, 1985. Hence there is no question of payment of cess as required under section 441 A of Companies Act;
 - g. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account and Cash Flow Statement, together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the period ended on that date.
 - iii. in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Place: Mumbai
Date : 14th August, 2012

Kirti D. Shah
Proprietor
Membership No. 32371

ANNEXURE TO THE AUDITORS' REPORT

(This is the Annexure referred to in our Report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- | | |
|--|---|
| <p>i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.</p> <p>b. These fixed assets were physically verified by the management during the period. We have been informed that no material discrepancies were noticed on such physical verification.</p> <p>c. In our opinion and according to the information and explanation given to us, a substantial part of fixed assets have not been disposed off during the period, which will affect its status as going concern.</p> <p>ii. a. The stock of inventory has been physically verified during the period by the management at reasonable intervals.</p> <p>b. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>c. The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of stocks as compared to book records and hence the question of whether the same have been properly dealt with the books of accounts does not arise.</p> <p>iii. a.. The Company has granted loans to seven parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the period ended 31/03/2012 is Rs. 360,699,354/- (Previous Year Rs. 310,935,683/-) and closing balance as on 31/03/2012 is Rs. 261,499,704/- (Previous Year Rs. 274,974,530/-)</p> <p>b. As per information and explanation provided to us, the loans granted by the Company except the loan granted to Golden Harvest Middle East FZC mentioned in clause 'a' above, are interest free and receipt of principal amount are also regular. However other terms and conditions on which such loans and advances given to Companies, Firms or Other Parties listed in the Register maintained under section 301 are not, prima facie, prejudicial to the interest of the Company.</p> <p>c. As per the information given by the management, in case of overdue amount more than Rs.1.00 lakh, the reasonable steps have been taken by the company for recovery of the principal and Interest.</p> <p>d. The company has taken loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs 23,500,000/-(Previous Year Rs. 28,000,000/-) and closing balance as on 31/03/2012 is Rs. NIL (Previous Year Rs. NIL)</p> <p>e. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable.</p> | <p>iv. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, there is no continuing failure to correct major weaknesses in internal control.</p> <p>v. a. According to the information and explanation provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the Register maintained under section 301 have been so entered.</p> <p>b. The transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> <p>vi. The Company has not accepted deposits from the public. Hence, the question of complying the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under, where applicable, does not arise.</p> <p>vii. The company has appointed a firm of Chartered Accountants for carrying out the internal audit, whose scope of work, according to our information, is commensurate with the size of the Company and nature of its business</p> <p>viii. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the central government for the maintenance of the cost records under section 209 (1) (d) of the act and are of the opinion that Prima facie the prescribed accounts and records have been made and maintained by the company. We have not, however made a detailed examination of the same. The Company has appointed a Cost Accountant firm to carry out the Cost Audit.</p> <p>ix. a. The company is generally regular in depositing statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues. As per the information given by the management and apparent from the records the undisputed liabilities as on 31st March 2012 is NIL.</p> <p>b. Details of disputed liability in respect of tax dues on account of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess together with the status and the Forum before which such dispute is pending as on 31st March 2012 is as per Annexure I.</p> <p>x. The company has no accumulated losses. The company has not incurred cash losses in the financial period under report and in the financial period immediately preceding such financial period.</p> <p>xi. The company has not defaulted in repayment of dues to a financial institution or banks. The Company has not obtained any borrowings by way of debenture.</p> |
|--|---|

- xii. According to the records of the company, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is not a chit fund, Nidhi or mutual benefit fund/ society.
- xiv. The company is not dealing or trading in shares, securities, debentures and other investments. The shares held by the Company have been held by the Company in its own name.
- xv. According to the information and explanation provided to us, in respect of guarantees given / security offered by the Company in respect of facilities / loans granted to Subsidiaries of the Company, the terms and conditions of such loans / facilities are prima facie not prejudicial to the interest of the Company.
- xvi. The company has taken term loans which has been utilized for the purpose for which such loans were obtained.
- xvii. The funds raised on short-term basis have not been used for long term investment and vice versa.
- xviii. According to the records of the Company and the information and explanation provided by the management, the company

has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

- xix. The Company has not issued any debentures hence the clause XIX of the said order is not applicable to the company.
- xx. The Company has not raised any Capital during the year and hence the question whether the management has disclosed the end use of money raised by public issues and whether the same has been verified by us or not does not arise.
- xxi. During the checks carried out by us, any fraud on or by the Company has not been noticed or reported during the period under report.

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Place: Mumbai
Date: 14th August, 2012

Kirti D. Shah
Proprietor
Membership No. 32371

ANNEXURE I TO AUDITORS REPORT (CLAUSE IX-B)
Details of disputed statutory dues outstanding as on 31st March, 2012

Nature of Dues	Period to which payment relates	Forum where the dispute is pending	Particulars of Dispute	Tax Outstanding Rs.
Sales Tax (Kanpur)	1994 – 1995	Assessing Authority, (DC) – Asst. (5) - Commercial Tax Department, Kanpur	Applicability of C Form on interstate sale of poultry products	93,173
Sales Tax (Kanpur)	1985-1986	Tribunal	Classification of goods	175,000
Sales Tax (Lucknow)	2009-10	Joint Commissioner Appeal-3, Commercial Tax Department, Lucknow	Levy of Penalty	244,000
			Total	512,173
Income Tax	2005-06	Income Tax Appellate Tribunal	Disallowance of Notional Interest on Advances given	441,660
Income Tax	2008-09	Income Tax Officer (TDS) 1 (2)	TDS other than Salary - Short deducted / paid and Interest thereon. Order U/s 201(1) / 201 (1A)	3,442,040
Income Tax	2009-10	Deputy Commissioner of Income Tax – TDS Circle Mumbai	TDS on Salary - Short deducted / paid and Interest thereon. Order U/s 201(1) / 201(1A)	1,572,330
			Total	5,456,030

Balance Sheet as at 31st March, 2012

Particulars	Note No.	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	130,043,390	130,043,390
(b) Reserves and Surplus	4	1,123,990,892	1,045,081,070
		<u>1,254,034,282</u>	<u>1,175,124,460</u>
(2) Non-Current Liabilities			
(a) Long Term Borrowings	5	162,428,509	232,485,155
(b) Deferred Tax Liabilities (Net)	6	21,388,120	20,787,214
(c) Long Term Provisions	7	4,786,382	-
		<u>188,603,011</u>	<u>253,272,369</u>
(3) Current Liabilities			
(a) Short Term Borrowings	8	949,974,646	745,317,288
(b) Traded Payables	9	329,953,755	415,880,064
(c) Other Current Liabilities	10	293,296,746	332,533,629
(d) Short Term Provisions	11	75,484,891	76,563,585
		<u>1,648,710,038</u>	<u>1,570,294,567</u>
TOTAL		<u>3,091,347,330</u>	<u>2,998,691,396</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		290,523,594	310,914,624
(ii) Intangible Assets		6,730,029	8,867,557
(iii) Capital Work-in-Progress		199,357,553	187,909,466
(b) Non-Current Investments	13	202,779,000	180,609,500
		<u>699,390,175</u>	<u>688,301,147</u>
(2) Current Assets			
(a) Inventories	14	1,028,238,763	841,925,617
(b) Trade Receivables	15	685,604,678	488,707,101
(c) Cash & Cash Equivalents	16	179,081,710	402,368,244
(d) Short Term Loans and Advances	17	499,032,005	577,389,287
		<u>2,391,957,155</u>	<u>2,310,390,249</u>
TOTAL		<u>3,091,347,330</u>	<u>2,998,691,396</u>

Significant Accounting Policies &
The Notes to Accounts 1 to 33 form part of these Financial Statements

As per our report of even date

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah
Proprietor
Membership No 32371

Place : Mumbai.
Date :- 14th August, 2012

For and on behalf of the Board

Dr. Jimmy Mirchandani
Chairman & Managing Director

Dr. Rahul Mirchandani
Executive Director

Mr. S Ramamurthy
Chief Financial Officer

Dr. D S Jadhav
Director

Mr. Akshay Mirchandani
Director

Mr. Kaiser P. Ansari
Company Secretary

Prof R S S Mani
Director

Mr. C. B. Chhaya
Director

Statement of Profit and Loss for the year ended 31st March, 2012

Particulars	Note No.	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
I. Revenue from Operations	18	1,916,238,048	1,559,855,505
II. Other Income	19	53,171,513	37,760,166
III. Total Revenue (I + II)		1,969,409,561	1,597,615,670
IV. Expenses :			
(a) Consumption of Materials	20	983,271,834	725,247,012
(b) (Increase) / Decrease in Inventories of Finished Goods	21	(168,567,375)	(146,802,413)
(c) Employee Benefits Expense	22	186,068,314	147,050,395
(d) Finance Costs	23	209,188,292	126,610,875
(e) Depreciation & Amortization Expenses	12	18,864,088	18,054,641
(f) Other Expenses	24	575,560,429	503,871,786
Total Expenses		1,804,385,581	1,374,032,296
V. Profit Before Tax (PBT) - (III - IV)		165,023,980	223,583,375
VI. Provision for Taxation			
(i) Tax Expense			
Current Tax		54,100,000	70,000,000
Deferred Tax		600,906	5,903,282
(ii) Wealth tax		500,000	500,000
		55,200,906	76,403,282
VII. Profit after Tax (PAT) - (V - VI)		109,823,074	147,180,093
Less :- Short Provision for Tax in Earlier Years		5,362,522	3,361,666
VIII. Profit / (Loss) for the period		104,460,552	143,818,427
IX Earnings per Equity Share			
(1) Basic & Diluted	25	8.03	11.06
Significant Accounting Policies & The Notes to Accounts 1 to 33 form part of these Financial Statements			

As per our report of even date

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah
Proprietor
Membership No 32371

Place : Mumbai.
Date :- 14th August, 2012

For and on behalf of the Board

Dr. Jimmy Mirchandani
Chairman & Managing Director

Dr. Rahul Mirchandani
Executive Director

Mr. S Ramamurthy
Chief Financial Officer

Dr. D S Jadhav
Director

Mr. Akshay Mirchandani
Director

Mr. Qaiser P. Ansari
Company Secretary

Prof R S S Mani
Director

Mr. C. B. Chhaya
Director

Statement of Cash Flows for the year ended 31st March, 2012

Rupees in Lakhs

Particulars	2011-12	2010-11
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	1,650.24	2,235.83
Adjusted for :		
Loss on Sale / Discard of Assets (net)	43.65	15.94
Depreciation	188.64	180.55
Interim Dividend Paid	-	(130.04)
Proposed Dividend	(195.07)	(130.04)
Dividend Distribution Tax	(32.40)	(43.20)
Interest Income	(524.91)	(283.34)
Finance Costs	2,091.88	1,266.11
	<u>1,571.81</u>	<u>875.97</u>
Operating Profit before Working Capital Changes	<u>3,222.05</u>	<u>3,111.81</u>
Adjusted for :		
Trade Receivables	(1,968.98)	1,615.14
Inventories	(1,863.13)	(3,732.49)
Trade Payables	(859.26)	1,705.23
Other Payables	(354.59)	2,469.82
	<u>(5,045.96)</u>	<u>2,057.71</u>
Cash Generated from Operations,	<u>(1,823.91)</u>	<u>5,169.51</u>
Net Prior Year Adjustments	(53.63)	(33.62)
Taxes Paid	(546.00)	(705.00)
	<u>(599.63)</u>	<u>(738.62)</u>
Net Cash from Operating Activities	<u>(2,423.54)</u>	<u>4,430.90</u>
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(211.96)	(526.42)
Sale of Fixed Assets / Transfer of Participating Interest	62.42	28.32
Purchase of Investment	(221.70)	(342.05)
Movement in Short Term Loans and Advances	783.57	(1,204.83)
Interest Income	524.91	283.34
Net Cash (used in) Investing Activities	<u>937.25</u>	<u>(1,761.65)</u>
C) CASH FLOW FROM FINANCIAL ACTIVITIES:		
Long Term Borrowings (Net)	(701.27)	(433.34)
Short Term Borrowings (Net)	2,046.57	2,264.16
Interest Paid	(2,091.88)	(1,266.11)
Net Cash (used in) / from financing activities	<u>(746.58)</u>	<u>564.71</u>
Net Increase in Cash and Cash Equivalents	<u>(2,232.87)</u>	<u>3,233.96</u>
Opening Balance of Cash and Cash Equivalents	<u>4,023.68</u>	<u>789.72</u>
Closing Balance of Cash and Cash Equivalents	<u>1,790.82</u>	<u>4,023.68</u>

As per our report of even date

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah
Proprietor
Membership No 32371

Place : Mumbai.
Date :- 14th August, 2012

For and on behalf of the Board

Dr. Jimmy Mirchandani
Chairman & Managing Director

Dr. Rahul Mirchandani
Executive Director

Mr. S Ramamurthy
Chief Financial Officer

Dr. D S Jadhav
Director

Mr. Akshay Mirchandani
Director

Mr. Kaiser P. Ansari
Company Secretary

Prof R S S Mani
Director

Mr. C. B. Chhaya
Director

Notes to the Financial Statements for the year ended 31st March, 2012

1. Corporate Information

Aries Agro Limited ('Aries' or the 'Company') was incorporated at Mumbai in 1969 for manufacturing of small range of mineral feed additives for animals & birds and then diversified into mineral additives for the agriculture use and currently is into business of manufacturing micronutrients and other nutritional products for plants and animals.

In January, 2007 the Company incorporated Aries Agro Care Private Limited as a Wholly Owned Subsidiary for carrying business in the Branches of agro protection, agro and seeds etc.

In January, 2007 the Company incorporated Aries Agro Equipments Private Limited as a Wholly Owned Subsidiary for carrying business in all type of farm equipments, machinery etc.

In 2008 the Company acquired 75% Shares in Golden Harvest Middle East FZC, Sharjah, UAE, by virtue of which the said Golden Harvest Middle East FZC has become a Subsidiary of the Company. Golden Harvest Middle East FZC is in the business of manufacturing chelated Micronutrients.

In June, 2008 the Company incorporated Aries Agro Produce Private Limited as a Subsidiary for carrying business in all kinds of farming etc.

In the year 2010 the Company's Overseas Subsidiary viz M/S Golden Harvest Middle East FZC acquired 75% Shares of M/S Amarak Chemicals FZC based in Fujairah Free Zone, UAE by virtue of which M/S Amarak Chemicals FZC has become a Step Down Subsidiary of Aries Agro Limited.

Aries Agro Limited is an **Indian Multinational** Company that offers the widest range of products in the primary, secondary and micro-fertilizer sector, ranging from individual elements to mixed specialty plant nutrient fertilizers. Since 1969, Aries has pioneered several **innovative concepts of farming** to Indian agriculturists, including the wonder of Chelation Technology, bio-degradable complexes of plant nutrients, water soluble NPK fertilizers, value added secondary nutrients, natural and biological products and water treatment formulations.

2. Basis of preparation

- i) The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards, notified by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out.
- ii) The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in accounting policy as explained in 2.1(A) (i) below.

2.1 Summary of significant accounting policies

A. (i) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year's figures in accordance with the requirements applicable in the current year.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

B. Tangible fixed assets

Fixed assets are stated at cost, except for revalued freehold land and buildings, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Notes to the Financial Statements for the year ended 31st March, 2012

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates charged by the Municipal Authorities.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including routine repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

C. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

Leasehold improvements are being depreciated over the lease term or estimated useful life whichever is lower. Used assets acquired from third parties are depreciated on a straight line basis over their remaining useful life of such assets.

The depreciation charge over and above the depreciation calculated on the original cost of the revalued assets is transferred from the revaluation reserve to the statement of profit and loss.

D. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Computer Software which is not an integral part of the related hardware is classified as an intangible asset.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

E. Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

F. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may

Notes to the Financial Statements for the year ended 31st March, 2012

no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

G. Inventories

Inventories are valued as follows:

- (i) **Raw materials and packing materials** : Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first-in-first out basis. Customs duty on imported raw materials (excluding stocks in the bonded warehouse) is treated as part of the cost of the inventories.
- (ii) **Work-in-progress and finished goods** : Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
- (iii) **Traded goods** : Lower of cost and net realizable value. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

- (iv) Waste and scrap are not separately valued being insignificant in value

H. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of products:

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) Interest Income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(iii) Dividend income:

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

I. Investments

Investments that are readily realisable and intended to be held for not more than twelve months from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss

Notes to the Financial Statements for the year ended 31st March, 2012

J. Retirement benefits

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions to the government funds are due. The Company has no obligation other than the contribution payable to provident fund authorities.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity benefit of the Company is administered by a trust formed for this purpose through the group gratuity scheme. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

K. Foreign currency translation

The transactions in foreign currency are accounted at the exchange rate i.e. custom rate prevailing on the date of transaction. Exchange fluctuation between the transaction date and settlement date in respect of transactions are transferred to exchange rate difference account and written off to the statement of profit & loss.

Current assets and current liabilities involving transactions in foreign currency are converted at the exchange rates prevailing on the date of Balance Sheet. Any profit and loss arising out of such conversion is charged to the statement of profit & loss.

Non-monetary items i.e. investments are converted at the rate prevalent on the date of transaction.

L. Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liability is recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes

Notes to the Financial Statements for the year ended 31st March, 2012

MAT credit as an asset in accordance with the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961", the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

M. Earnings Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

N. Operating lease

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

O. Segment reporting

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services to different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operates.

P. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Q. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

R. Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is directly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss. Income earned during construction period is deducted from the total of the indirect expenditure. All direct capital expenditure on expansion is capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

S. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

All the accounting policies as mentioned above will be applied at the relevant time.

Notes to the Financial Statements for the year ended 31st March, 2012

3. SHARE CAPITAL

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Authorised Share Capital		
15,000,000 Equity Shares of Rs. 10/- each	150,000,000	150,000,000
Total	150,000,000	150,000,000
Issued, Subscribed and Paidup		
13,004,339 Equity Shares of Rs.10/- each.	130,043,390	130,043,390
Total	130,043,390	130,043,390

3.1 6,600,700 Equity Shares out of the Issued, Subscribed and Paidup Share Capital were allotted as fully paidup Bonus Shares since incorporation by capitalisation of Rs. 4.90 Crores from Revaluation Reserve, Rs. 0.91 Crores from Securities Premium Account and Rs. 0.79 Crores from the Statement of Profit and Loss.

3.2 17,00,700 Equity Shares out of the Issued, Subscribed and Paidup Share Capital were allotted as fully paid Bonus Shares in the last five years i.e.during the Financial Year 2006-07 by capitalisation of Rs. 91.46 Lacs from Securities Premium Account and Rs. 78.61 Lacs from the Statement of Profit and Loss..

3.3 Reconciliation of Number of Shares Outstanding

Particulars	As at 31 March, 2012 No. of Shares	As at 31 March, 2011 No. of Shares
Equity Shares at the beginning of the year	13,004,339	13,004,339
Add : - Issued during the year	-	-
Less :- Shares cancelled during the year	-	-
Equity Shares at the end of the year	13,004,339	13,004,339

3.4 List of Shareholder's holding more than 5 percent of Shares

Name of the Shareholder	No. of Shares	As at 31st March, 2012 % Held	No. of Shares	As at 31st March, 2011 % Held
(i) Dr. T. B. Mirchandani	-	-	3,543,875	27.25%
(ii) Dr. Jimmy Mirchandani	3,410,955	26.23%	1,826,843	14.05%
(iii) Dr. Rahul Mirchandani	2,623,221	20.17%	663,458	5.10%

4. RESERVES AND SURPLUS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Securities Premium Reserve		
As per last Balance Sheet	490,037,050	490,037,050
	490,037,050	490,037,050
Revaluation Reserve		
As per last Balance Sheet	79,324,639	82,129,072
Less : Depreciation on Revalued assets	2,804,433	2,804,433
	76,520,206	79,324,639
General Reserves		
As per last Balance Sheet	52,956,310	32,956,310
Add : Transfer from Profit & Loss A/c	15,000,000	20,000,000
	67,956,310	52,956,310

Notes to the Financial Statements for the year ended 31st March, 2012

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Surplus in the Statement of Profit & Loss		
As per last Balance Sheet	422,763,072	329,273,039
Add:- Profit for the year	104,460,552	143,818,427
	527,223,622	473,091,466
Less:- Appropriations		
Transfer to General Reserve	15,000,000	20,000,000
Proposed Dividend on Equity Shares { Dividend Per Share Rs. 1.50 (Previous Year Re 1/-) }	19,506,509	13,004,339
Interim Dividend Paid on Equity Shares { Dividend Per Share Rs. Nil (Previous Year Re 1/-) }	-	13,004,339
Dividend Distribution Tax	3,239,787	4,319,716
	37,746,296	50,328,394
	489,477,326	422,763,072
Total	1,123,990,892	1,045,081,070

5. LONG TERM BORROWINGS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Secured Term Loans		
Term Loans from Banks	142,795,433	209,908,561
Term Loans from Companies	118,709	151,223
	142,914,142	210,059,783
Un-Secured Term Loans		
Term Loans from Banks	19,514,366	22,425,372
	19,514,366	22,425,372
Total	162,428,509	232,485,155

5.1 Secured Term Loans from Banks referred above to the extent of :

- Rupees 8,900,285/- are secured by way of Charge on the Company's Motor Vehicles.
- Rupees 118,301,455/- is a Foreign Currency Term Loan which is secured by way of Equitable Mortgage of Land and Building and personal guarantee of Directors.
- Rupees 15,593,693/- are secured to Axis Bank Ltd by way of Primary Charge on all Fixed Assets at Mouje Rajpur, Gujarat and personal guarantee of Directors.

5.2 Secured Term Loans from Companies are secured by way of Charge on the Company's Motor Vehicles.

5.3 Un-Secured Term Loans from Banks are secured by way of Charge on personal Assets of Directors and guaranteed by the Directors.

5.4 Maturity Profile of Secured Term Loans are as set out below :

Particulars	F Y 2012-13*	F Y 2013-14	F Y 2014-15	F Y 2015-16 and Beyond
(a) Term Loans from Banks	115,905,516	38,669,565	70,764,389	33,361,479
(b) Term Loans from Companies	82,368	48,048	-	-

* Refer Note No. 10

5.5 Maturity Profile of Un-Secured Term Loans are as set out below :

Particulars	F Y 2012-13*	F Y 2013-14	F Y 2014-15	F Y 2015-16 and Beyond
(a) Term Loans from Banks	2,911,006	3,280,194	3,696,205	12,537,967

* Refer Note No. 10

Notes to the Financial Statements for the year ended 31st March, 2012

6. DEFERRED TAX LIABILITY

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Deferred Tax Liability		
Related to Fixed Assets : Impact of difference between income tax depreciation and depreciation charged for the financial reporting.	23,370,073	24,113,531
Gross Deferred Tax Liability	23,370,073	24,113,531
Deferred Tax Assets		
Deductions under the Income Tax Act, 1961	-	3,326,317
Disallowance under the Income Tax Act, 1961 U/s 43B	1,981,953	-
Gross Deferred Tax Asset	1,981,953	3,326,317
Net Deferred Tax Liability	21,388,120	20,787,214

7. LONG TERM PROVISIONS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Employee Related		
Provision for Leave Salary	4,786,382	-
	4,786,382	-

8. SHORT TERM BORROWINGS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Secured Borrowings		
Working Capital Facilities from Banks	887,722,278	694,281,905
Un-Secured Borrowings		
Security Deposits	62,252,368	51,035,383
Total	949,974,646	745,317,288

8.1 Working Capital Facilities from Banks are secured by way of Charge on Company's Inventory, Book Debts, Charge on Land, Building, Plant & Machinery and all other movable fixed assets of the Company and guaranteed by Directors.

8.2 Working Capital Facilities from Banks includes :

a) Loans repayable on demand	397,500,000	279,053,496
b) Cash Credit Facilities	312,475,517	258,243,447
c) Buyers Credit	177,746,761	156,984,962
	887,722,278	694,281,905

9. TRADE PAYABLES

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Creditors for Goods	231,715,399	327,339,381
Creditors for Expenses	57,461,359	50,948,879
Outstanding Expenses	40,776,997	37,591,804
Total	329,953,755	415,880,064

Notes to the Financial Statements for the year ended 31st March, 2012

9.1 There are no Micro and Small Enterprises to whom Company owes dues, which are outstanding for more than 45 days as at 31st March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

10. OTHER CURRENT LIABILITIES

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Current Maturities of Long Term Debt (Refer Note No. 5)	118,828,229	54,216,543
Interest Accrued but not due on Borrowings	1,297,515	1,391,149
Advance/Credits from Customers	123,668,745	12,534,964
Dues to Directors	14,744,750	6,923,673
Statutory Dues	9,024,578	7,467,300
Other Payables	25,732,929	250,000,000
Total	293,296,746	332,533,629

10.1 Current Maturities of Long Term Debt includes amount repayable within one year of :

- (a) Secured Term Loans from Banks Rs. 115,905,516/-.
- (b) Secured Term Loans from Companies Rs. 82,368/-.
- (c) Un-Secured Term Loans from Banks Rs. 2,911,006/-.

10.2 Secured Term Loans from Banks included in Current Maturities of Long Term Debt to the extent of :

- (a) Rupees 6,576,118/- are secured by way of Charge on the Company's Motor Vehicles.
- (b) Rupees 105,730,854/- is a Foreign Currency Term Loan which is secured by way of Equitable Mortgage of Land and Building and personal guarantee of Directors.
- (c) Rupees 3,598,544/- are secured to Axis Bank Ltd by way of Primary Charge on all Fixed Assets at Mouje Rajpur, Gujarat and personal guarantee of Directors.

10.3 Secured Term Loans from Companies included in Current Maturities of Long Term Debt to the extent of Rs. 82,368/- are secured by way of Charge on the Company's Motor Vehicles.

10.4 Un-Secured Term Loans from Banks included in Current Maturities of Long Term Debt to the extent of Rs. 2,911,006/- are secured by way of Charge on personal Assets of Directors and guaranteed by the Directors.

10.5 Statutory Dues includes Indirect Taxes, Provident Fund, Employees State Insurance and Profession Tax.

10.6 Other Payables includes Book Overdrafts.

11. SHORT TERM PROVISIONS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Employee Related		
Provision for Gratuity	5,263,677	5,311,882
Provision for Leave Salary	1,179,762	-
Other Provisions		
Proposed Dividend	19,506,509	13,004,339
Dividend Distribution Tax	3,239,787	2,159,858
Provision for Income Tax (Net of Payments)	45,795,156	55,587,506
Provision for Wealth Tax	500,000	500,000
Total	75,484,891	76,563,585

12. Fixed Assets
Schedule of Fixed Assets for the year ended 31st March, 2012
(Amount in Rupees)

Sr No	Particulars	Gross Block				Depreciation Block				Net Block		
		Balance as on 31-Mar-11	Additions during the Year	Deductions During the Year	Balance as on 31-Mar-12	Balance as on 31-Mar-11	Provided during the Year	On Revaluations	Deductions during the Year	Total as on 31-Mar-12	As on 31-Mar-12	As on 31-Mar-11
	Tangible Assets											
1	Land	1,514,775	-	-	1,514,775	-	-	-	-	-	1,514,775	1,514,775
2	Factory Building	218,093,157	-	-	218,093,157	39,082,124	750,486	2,804,433	-	42,637,043	175,456,114	179,011,033
3	Residential Flat	350,000	-	-	350,000	81,667	5,705	-	-	87,372	262,628	268,333
4	Plant & Machinery	43,168,167	469,661	839,575	42,798,253	14,794,030	2,954,987	-	255,808	17,493,209	25,305,044	28,374,137
5	Electrical Installations	5,126,629	-	-	5,126,629	1,181,362	214,385	-	-	1,395,747	3,730,882	3,945,267
6	Laboratory Equipments	2,010,710	52,506	-	2,063,216	483,115	87,496	-	-	570,611	1,492,605	1,527,595
7	Office Equipments	4,197,797	476,978	-	4,674,775	1,400,777	243,593	-	-	1,644,370	3,030,404	2,797,020
8	Furniture & Fixtures	15,844,521	538,500	-	16,383,021	3,051,492	973,641	-	-	4,025,133	12,357,888	12,793,029
9	Air Conditioners	2,808,368	120,250	-	2,928,618	1,430,932	129,847	-	-	1,560,779	1,367,839	1,377,436
10	Computer	6,217,805	434,037	50,899	6,600,943	4,162,734	642,170	-	13,513	4,791,391	1,809,552	2,055,071
11	Vehicles	59,758,655	7,386,955	19,070,471	48,075,139	17,733,202	5,028,951	-	8,712,371	14,049,782	34,025,357	42,025,453
12	Commercial Vehicles	44,694,685	-	-	44,694,685	9,469,210	5,054,969	-	-	14,524,179	30,170,506	35,225,475
	Total	403,785,269	9,478,887	19,960,945	393,303,210	92,870,645	16,086,230	2,804,433	8,981,692	102,779,616	290,523,594	310,914,624
	Previous Year Rs.	390,705,741	20,370,542	7,291,015	403,785,269	77,556,373	15,375,437	2,804,433	2,865,597	92,870,645	310,914,624	313,149,368
	Intangible Assets											
13	Computer Software	17,007,753	640,330	-	17,648,083	8,140,196	2,777,858	-	-	10,918,054	6,730,029	8,867,557
		17,007,753	640,330	-	17,648,083	8,140,196	2,777,858	-	-	10,918,054	6,730,029	8,867,557
	Previous Year Rs.	15,368,641	1,639,112	-	17,007,753	5,460,992	2,679,204	-	-	8,140,196	8,867,557	9,907,649
14	Capital Work in Progress										199,357,553	187,909,466
											496,611,175	507,691,646

12.1 The Gross Block of Fixed Assets includes Rs. 176,000,000/- (Previous Year Rs. 176,000,000/-) on account of revaluation of Building carried out in F Y 1994-95. Consequent to the said revaluation there is an additional charge of depreciation of Rs. 2,804,433/- (Previous Year Rs. 2,804,433/-) and an equivalent amount has been debited to Revaluation Reserve and Credited to Accumulated Depreciation on Buildings. This has no impact on Profit or Loss for the year.

12.2 Capital Work in Progress represents Advance for Existing Office Building renovation and Expenditure incurred in connection with Project Africa and Chhatral (Gujarat). On completion the Capital Work in Progress will be allocated to relevant Assets.

Notes to the Financial Statements for the year ended 31st March, 2012

13. NON-CURRENT INVESTMENTS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Trade Investments		
In Equity Shares of Indian Subsidiary Companies - Unquoted, Fully paidup		
(a) (10,000 Equity Shares @ Rs. 10/- per Share) - Aries Agro Care Pvt Ltd	100,000	100,000
(b) (10,000 Equity Shares @ 10/- per Share) - Aries Agro Equipments Pvt Ltd	100,000	100,000
(c) (7,500 Equity Shares @ 10/- per Share) - Aries Agro Produce Pvt Ltd	75,000	75,000
In Equity Shares of Foreign Subsidiary Companies - Unquoted, Fully paidup		
(a) (1,125 Equity Shares of AED 100/- per Share Rs. 1,227,375/-) - Golden Harvest Middle East FZC	202,489,000	180,316,500
(b) Shareholders Current A/c Rs. 201,261,625/- (Previous Year Rs. 179,089,125/-) - Golden Harvest Middle East FZC		
	202,764,000	180,591,500
Other Investments		
In Government Securities - Unquoted		
National Savings Certificate	15,000	18,000
(Deposited with BMC for plot at Deonar, Mumbai and for S.S.I. Registration deposited with Industrial Department, Hyderabad)		
	15,000	18,000
Total	202,779,000	180,609,500

13.1 Aries Agro Care Pvt. Ltd. has been incorporated as a wholly owned subsidiary on 5th January, 2007 with the Registrar of Companies, Maharashtra, Mumbai. to carry out the business in all branches of agro protection, agro care, etc. The Registered Office of the Company is located at "Aries House, Plot no 24, Deonar, Govandi (E), Mumbai – 400 043".

13.2 Aries Agro Equipments Pvt. Ltd. has been incorporated as a wholly owned subsidiary on 12th January, 2007 with the Registrar of Companies, Maharashtra, Mumbai. to carry out the business of manufacturing, repair, etc. of all types of rural and farm equipments, machinery, etc. The Registered Office of the Company is located at "Aries House, Plot no 24, Deonar, Govandi (E), Mumbai – 400 043".

13.3 Golden Harvest Middle East FZC was incorporated on 31st December, 2004 as a Free Zone Company with limited liability to carry on the activities of manufacturing Chemical Fertilizer and exporting all the necessities, material and acts related to its natural work or needed to the above mentioned works. In the year 2008 it became 75% subsidiary of the Company, Aries Agro Limited. The Registered Office of the Company is located at "SAIF Zone (Emirates of Sharjah)". The said Company has no accumulated losses as at 31st March, 2012.

13.4 Aries Agro Produce Pvt. Ltd. has been incorporated on 20th June, 2008 as 75% owned subsidiary with the Registrar of Companies, Maharashtra, Mumbai. to carry out the business of all kinds of Farming, agriculture, horticulture etc. and to plant, grow, cultivate and in any other way deal in farming and agricultural produce. The registered office of the Company is located at "Aries House, Plot no 24, Deonar, Govandi (E), Mumbai – 400 043".

13.5 Losses of Subsidiaries not provided in accounts :

Particulars	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
a) Aries Agro Care Pvt. Ltd.	(1,091,655)	(846,834)
b) Aries Agro Produce Pvt. Ltd.	(206,237)	-
	(1,297,892)	(846,834)

Notes to the Financial Statements for the year ended 31st March, 2012

14. INVENTORIES

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
(At lower of cost or Net Realisable Value)		
(As Certified and valued by the Management)		
Raw Materials	285,306,750	145,838,513
Finished Goods	451,475,811	282,908,436
Stock-in-Trade (in respect of Goods acquired for Trading)	191,555,442	320,213,061
Packing Materials	99,900,760	92,965,607
Total	1,028,238,763	841,925,617

15. TRADE RECEIVABLES

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
(Unsecured - Considered Good)		
Outstanding for a period exceeding six months (from Due Date of Payment)	223,736,255	178,851,421
Others	461,868,423	309,855,680
Total	685,604,678	488,707,101

15.1 Trade Receivables includes Amount due from Related Parties

Particulars	Maximum Balance during the year Rupees	As at 31st March, 2012 Rupees	As at 31st March, 2011 Rupees
(a) Aries Agro Equipments Pvt. Ltd.	10,732,679	45,470	1,679
(b) Amarak Chemicals FZC	316,427	316,427	-
(c) Golden Harvest Middle East FZC	51,001,179	-	48,775,613
(d) Sreeni Agro Chemicals Pvt Ltd	16,370,998	-	2,000,708
(e) Aries Marketing Ltd	21,840,616	-	4,168,264
		361,897	54,946,264

16. CASH AND CASH EQUIVALENTS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Balance with Scheduled Banks in Current Accounts	42,798,775	73,357,201
Cash on hand	1,585,829	21,291
Balance with Scheduled Banks in Fixed Deposit Accounts	134,697,105	328,989,751
Total	179,081,710	402,368,244

16.1 The Fixed Deposits are kept as Margin against various Credit Limits / Guarantees.

16.2 Fixed Deposits with Banks includes Rs. 295,000/- being the amount of Fixed Deposits for issue of Bank Guarantees on behalf of Subsidiaries / Associates.

Notes to the Financial Statements for the year ended 31st March, 2012

17. SHORT TERM LOANS AND ADVANCES

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Loans and Advances to Related Parties (Refer Note No. 27)	261,499,704	358,639,412
Balances with Customs, Central Excise Authorities	2,493,152	2,493,152
Deposits	3,546,408	2,739,019
Others	231,492,741	213,517,704
Total	499,032,005	577,389,287

17.1 Loans and Advances in the nature of Loans given to Subsidiaries and Associates :

Particulars	Maximum Balance during the year Rupees	As at 31st March, 2012 Rupees	As at 31st March, 2011 Rupees
Subsidiary Companies			
(a) Amarak Chemicals FZC Subsidiary	57,397,466	-	57,397,466
(b) Aries Agro Care Pvt Ltd Subsidiary	10,352,223	5,334,935	10,352,223
(c) Aries Agro Equipments Pvt Ltd Subsidiary	11,264,118	10,779,318	9,220,706
(d) Aries Agro Produce Pvt Ltd Subsidiary	130,460	65,460	130,460
(e) Golden Harvest Middle East FZC Subsidiary	272,870,756	245,319,991	272,870,757
Companies under management in which Directors are interested			
(a) Aries East West Nutrients Pvt Ltd Associate	4,500,148	-	4,499,536

- All the above Loans and Advances are interest free loans except Loan granted to Golden Harvest Middle East FZC.
- Receipt of the principal amount of the above loans are regular.
- Other terms and conditions on which such loans and advances are given to the Companies are not prejudicial to the interest of the Company.

17.2 Other Advances includes :

Particulars	As at 31st March, 2012 Rupees	As at 31st March, 2011 Rupees
a) Advance to Suppliers	218,934,939	200,374,576
b) Advance to Staff against expenses	5,498,691	7,727,195
c) Imprest Advance for Vehicle Expenses	118,209	80,709
d) Interest Accrued but not due	3,251,421	1,003,220
e) Prepaid Expenses	2,946,560	3,138,794
f) Staff Loans	742,922	1,193,211
	231,492,741	213,517,704

Notes to the Financial Statements for the year ended 31st March, 2012

18. REVENUE FROM OPERATIONS

	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
Sales of Products		
Manufactured	1,224,440,813	1,035,870,906
Traded	719,406,602	546,704,035
	<u>1,943,847,415</u>	<u>1,582,574,941</u>
Less:- Excise Duty	27,609,367	22,719,436
Total	<u>1,916,238,048</u>	<u>1,559,855,505</u>

18.1 Particulars of Sale of Products :

Particulars	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
Manufactured Products		
(a) Agricultural Mirconutrient and Speciality Fertilizers	1,091,852,989	903,141,153
(b) Insecticides and Pesticides	130,074,303	128,168,721
(c) Animal Feed and Feed Concentrates	2,513,521	4,561,032
	<u>1,224,440,813</u>	<u>1,035,870,906</u>
Less :- Excise Duty	27,609,367	22,719,436
	<u>1,196,831,446</u>	<u>1,013,151,470</u>
Traded Products		
(a) Agricultural Mirconutrient and Speciality Fertilizers	542,838,978	325,219,728
(b) Insecticides and Pesticides	107,027,454	94,529,002
(c) Agri Equipments	21,574,348	27,858,975
(d) Others	47,965,822	546,704,035
Total	<u>1,916,238,048</u>	<u>1,559,855,505</u>

19. OTHER INCOME

	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
Interest Income on :		
Bank Fixed Deposits	28,831,135	5,198,425
Others	23,659,792	23,135,267
Other Non-Operating Income		
Exchange Rate Fluctuation / Difference due to Translation	-	9,218,980
Misc. / Other Income	311,778	207,494
Re-Processing Charges	364,495	-
Sales Tax Refund - 2007-08	4,313	-
Total	<u>53,171,513</u>	<u>37,760,166</u>

20. CONSUMPTION OF MATERIALS

	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
1) Opening Stock of Raw Materials	145,838,513	39,015,091
Add : Purchases	477,520,496	399,010,322
	<u>623,359,009</u>	<u>438,025,413</u>
Less : Closing Stock of Raw Materials	285,306,750	145,838,513
Raw Material Consumed	<u>338,052,259</u>	<u>292,186,900</u>

Notes to the Financial Statements for the year ended 31st March, 2012

	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
2) Opening Stock of Traded Products	320,213,061	214,314,866
Add : Purchases	399,861,396	422,293,277
	720,074,457	636,608,143
Less : Closing Stock of Traded Products	191,555,442	320,213,061
Cost of Goods Sold	528,519,015	316,395,082
3) Opening Stock of Packing Materials	92,965,607	79,240,785
Add : Purchases	123,635,713	130,389,852
	216,601,320	209,630,637
Less : Closing Stock of Packing Materials	99,900,760	92,965,607
Packing Materials Consumed	116,700,560	116,665,030
Consumption of Materials (1+2+3)	983,271,834	725,247,012

21. (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS

	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
Inventories at the beginning of the year		
Finished Goods	282,908,436	133,279,773
Goods-in-Transit	-	2,826,250
	282,908,436	136,106,023
Inventories at the end of the year		
Finished Goods	451,475,811	282,908,436
(Increase) / Decrease in Inventories	(168,567,375)	(146,802,413)

22. EMPLOYEE BENEFIT EXPENSES

	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
Salary and Wages	144,494,912	108,881,203
Directors Remuneration	18,008,204	16,328,204
Contribution to Provident & Other Funds	20,472,340	17,517,485
Staff Welfare Expenses	3,092,857	4,323,502
Total	186,068,314	147,050,395

22.1 As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below :

Particulars	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Defined Contribution Plans		
Contribution to Defined Contribution Plans, recognised as expense for the year is as under :		
Employer's Contribution to Provident Fund	11,470,614	9,109,794

All Employees having served from the 1st day of their employment are entitled to the benefits of the contribution to Provident Fund.

The Company contributes specified percentage of the salary paid to Employees to the Defined Fund.

Defined Benefit Plan

All Employees who have completed five years or more of service are entitled to benefits of Gratuity. The Company has the Employee's Gratuity scheme managed by Life Insurance Corporation of India which is a Defined Benefits Plan. The present value of obligation is determined based on actuarial valuation. The obligation for Leave Encashment is recognised in the same manner as Gratuity.

Notes to the Financial Statements for the year ended 31st March, 2012

I Reconciliation of Opening and Closing balances of Defined Benefit Obligation

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Defined Benefit obligation at beginning of year	33,881,684	25,900,077	4,482,314	-
Current Service Cost	2,255,953	1,743,000	1,092,389	-
Interest Cost	2,710,535	2,072,006	369,791	-
Actuarial (gain) / loss	3,249,749	6,657,591	21,650	-
Benefits paid	(1,484,344)	(2,490,990)	-	-
Defined Benefits obligation at year end	40,613,577	33,881,684	5,966,144	-

II Reconciliation of opening and closing balances of fair value of Plan Assets

	Gratuity	
	2011-12	2010-11
Fair value of plan assets at beginning of the year	26,826,802	9,850,079
Expected return on plan assets	2,621,826	1,674,861
Actuarial gain / (loss)	-	-
Employer Contribution	7,385,616	17,792,852
Benefits paid	(1,484,344)	(2,490,990)
Fair value of Plan assets at year end	35,349,900	26,826,802
Actual return on plan assets	2,621,826	1,674,861

III Reconciliation of fair value of assets and obligations

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Fair value of plan assets	35,349,900	26,826,802	-	-
Present value of obligation	40,613,577	33,881,684	5,966,144	-
Amount recognised in Balance Sheet	5,263,677	7,054,882	5,966,144	-

IV Expenses recognised during the year

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Current Service Cost	2,255,953	1,743,000	1,092,389	-
Interest Cost	2,710,535	2,072,006	369,791	-
Expected return on Plan assets	(2,621,826)	(1,674,861)	-	-
Actuarial (gain) / loss	3,249,749	6,657,591	21,650	-
Net Cost	5,594,411	8,797,736	1,483,830	-

V Investment details :

	% Invested	
	2011-12	2010-11
Insurance Policies	100.00	100.00
	100.00	100.00

VI Actuarial assumptions

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8%	8%	8.75%	8.25%
Expected rate of return on plan assets (per annum)	8%	8%		
Rate of escalation in salary (per annum)	5%	5%	7%	7%

Notes to the Financial Statements for the year ended 31st March, 2012

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

The Company had not provided in Leave Salary upto 31st March, 2011 of Rs. 4,482,314/-. During the current year the Company has provided the same and includes the obligations in respect of earlier year.

23. FINANCE COSTS

	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
Interest Expense	164,226,432	92,532,180
Other Borrowing Costs	30,027,669	32,062,853
Net Gain / Loss on Foreign Currency Transaction and Translation	14,934,191	2,015,843
Total	209,188,292	126,610,875

24. OTHER EXPENSES

	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
Manufacturing Expenses		
Consumption of Stores & Spare Parts	531,856	96,103
Power & Fuel	5,404,825	5,567,153
Rent, Rates & Taxes	5,382,080	5,966,083
Repairs to Building	923,518	2,746,716
Repairs to Machinery	868,245	996,918
Miscellaneous Expenses	91,455,299	63,891,657
	104,565,822	79,264,631
Selling & Distribution Expenses		
Advertisement & Publicity	64,009,837	37,659,584
Discount and Rebate	172,156,513	164,456,601
Freight & Delivery Expenses	84,249,785	93,183,755
Mobile Selling Expenses	17,351,277	23,003,732
Selling Expenses	7,176,030	6,529,827
Travelling Expenses	50,879,534	43,782,576
	395,822,976	368,616,075
Other Administration Expenses		
Audit Fees	1,572,800	1,323,600
Conveyance & Motor Car Expenses	20,185,155	14,827,166
Electricity	870,591	628,816
General Expenses	3,478,112	3,373,558
Insurance	3,638,766	3,177,189
Legal & Professional Fees	10,438,733	7,133,917
Loss on Sale of Asset	4,365,448	1,593,917
Postage & Telephones	6,726,103	6,251,664
Printing & Stationery	6,090,192	8,649,736
Rent, Rates & Taxes	16,602,817	7,243,350
Repairs & Maintenance	1,202,914	1,788,169
	75,171,631	55,991,080
Total	575,560,429	503,871,786

Notes to the Financial Statements for the year ended 31st March, 2012

24.1 Payment to Auditors as :

Particulars	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
(a) Statutory Audit Fees	1,573,040	1,147,120
(b) Tax Audit Fees	168,540	176,480
(c) Taxation Matters	221,733	44,120
(d) Certification and Consultancy Fees	45,223	-
	2,008,536	1,367,720

25. EARNINGS PER SHARE (EPS)

	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
(i) Net Profit After Tax (PAT) as per Statement of Profit and Loss attributable to Equity Shareholders (Rs.in Lacs)	104,460,552	143,818,427
(ii) Weighted Average number of Equity Shares used as denominator for calculating EPS	13,004,339	13,004,339
(iii) Basic & Diluted Earnings per Share (Rs.)	8.03	11.06
(iv) Face Value per Equity Share (Rs.)	10.00	10.00

26.1 The Company's significant leasing arrangements are in respect of Operating Leases for Vehicles. These leasing arrangements which are not non-cancellable range upto 36 months generally and are renewable by mutual consent on mutually agreeable terms. The aggregate Lease Rentals payable are charged as "RENT" in Other Administrative Expenses under Note 24.

With regard to non-cancellable Operating Leases for Vehicles, the future minimum lease rentals are as follows.

Particulars	Total Minimum Lease Payments outstanding as at 31st March, 2012 Rupees	Total Minimum Lease Payments outstanding as at 31st March, 2011 Rupees
(a) Within One year	11,764,788	-
(b) Later than One year and not later than Five years	15,861,977	-
(c) Later than Five years	-	-
	27,626,765	-

The above lease rentals are inclusive of VAT, Insurance and Other Charges

26.2 Lease payments recognised in the statement of Profit and Loss Account :

Particulars	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
(a) Minimum Lease Payments (Inclusive of VAT, Insurance and Other Charges)	8,327,051	-

26.3 General description of Lease terms :

- (a) Lease Rentals are charged on the basis of agreed terms.
- (b) Assets are taken on Lease for a period of 36 months.

Notes to the Financial Statements for the year ended 31st March, 2012

27. RELATED PARTY DISCLOSURES

Related Party Disclosures as per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India

Part - A				
Details of Related Parties as per AS - 18				
Sr. No.	Nature of Relationship	Name of the Related Party	Remarks	
1	Subsiriary	a) Aries Agro Care Pvt Ltd b) Aries Agro Equipments Pvt Ltd c) Aries Agro Produce Pvt Ltd d) Golden Harvest Middle East FZC e) Amarak Chemicals FZC	a) Date of Incorporation 5th January, 2007 b) Date of Incorporation 12th January, 2007 c) Date of Incorporation 20th June, 2008 d) Date of Incorporation 31st October, 2004 e) Step Down Subsidiary Date of Incorporation 9th September, 2007	
2	Enterprises over which the Key Management Persons has significant Influence of Control	a) Aries Marketing Ltd. b) Blossoms International Ltd. c) Sreeni Agro Chemicals Pvt. Ltd. d) Aries East West Nutrients Pvt. Ltd.		
3	Key Management Personnel	a) Dr. Jimmy Mirchandani b) Dr. Rahul Mirchandani c) Mr. Akshay Mirchandani	a) Chairman & Managing Director b) Executive Director c) Director	
4	Relatives of Key Management Personnel	Name of the Key Management Personnel	Name of the Relative	Relationship
		a) Dr. Jimmy Mirchandani	a) Mrs. Sarasa Mirchandani b) Mr. Akshay Mirchandani c) Mr. Amol Mirchandani d) Dr. Rahul Mirchandani	Spouse Son Son Brother
		b) Dr. Rahul Mirchandani	a) Mrs. Nitya Mirchandani b) Mastar Armaan Mirchandani c) Dr. Jimmy Mirchandani	Spouse Son Brother
		c) Mr. Akshay Mirchandani	a) Mrs. Aparna Mirchandani b) Dr. Jimmy Mirchandani c) Mrs. Sarasa Mirchandani d) Mr. Amol Mirchandani	Spouse Father Mother Brother

Part - B				
Details of Transactions with Related Parties				
Sr. No.	Category	Nature of Service	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
1	Subsidiary	Finance - Loans / Payments Given Finance - Loans / Payments Received Finance Equity - Share Application Money Paid Sale of Goods Purchases Made Receipts from Sale of Goods Payments (Net of Receipts) for Goods Interest on Loan	4,233,758 97,369,640 22,172,500 69,038,793 191,217,572 150,678,048 144,463,009 7,056,311	90,338,016 26,604,911 34,200,000 105,088,725 137,226,457 77,363,785 147,247,404 7,226,243
2	Enterprises over which Key Management Personnel has significant influence or control	Finance - Loans / Payments Given Finance - Loans / Payments Received Sale of Goods Purchases Made Receipts from Sale of Goods Payments (Net of Receipts) for Goods	17,448 8,685,248 - - 2,000,708 3,081,784	5,000,000 17,672,352 21,915,708 20,475,000 19,915,000 17,393,216
3	Key Management Personnel	Finance - Loans / Payments Given Finance - Loans / Payments Received Directors Remuneration Paid	23,500,000 23,500,000 17,603,204	30,500,000 30,500,000 15,473,204
4	Enterprises belonging to Key Management Personnel	Finance - Loans / Payments Received	-	2,157,138

Notes to the Financial Statements for the year ended 31st March, 2012

Part - C				
Balance Outstanding with Related Parties				
Category	Nature of Outstanding	Name of the Party	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Subsidiary	Loans & Advances	Aries Agro Care Pvt. Ltd.	5,334,935	10,352,223
		Aries Agro Equipments Pvt. Ltd.	10,779,318	9,220,706
		Aries Agro Produce Pvt. Ltd.	65,460	130,460
		Golden Harvest Middle East FZC	245,319,991	272,870,757
		Amarak Chemicals FZC	-	57,397,466
	Creditors for Goods	Golden Harvest Middle East FZC	44,134,073	-
		Amarak Chemicals FZC	-	-
		Aries Agro Care Pvt. Ltd.	-	2,072,589
		Aries Agro Equipments Pvt. Ltd.	-	107,815
	Share Application Money	Golden Harvest Middle East FZC	202,489,000	180,316,500
Enterprise over which Key Management Personnel has significant influence or control	Sundry Debtors	Golden Harvest Middle East FZC	-	48,775,613
		Aries Agro Equipments Pvt. Ltd.	45,470	1,679
	Sundry Creditors	Aries Marketing Ltd.	-	4,168,264
		Sreeni Agro Chemicals Pvt. Ltd.	-	2,000,708
	Loans & Advances	Sreeni Agro Chemicals Pvt. Ltd.	-	3,081,784
Key Management Personnel	Dues to Directors	Aries East West Nutrients Pvt Ltd	-	4,499,536
		Dr. Jimmy Mirchandani	3,545,149	3,650,653
		Dr. Rahul Mirchandani	3,599,601	3,273,020

28. Current Assets, Loans & Advances and Provisions

- The current assets and loans and advances are approximately of the value stated, if realized in the ordinary course of business.
- The provision for all known liabilities is not in excess of the amounts reasonably necessary.
- The balances of Sundry Creditors, Sundry Debtors and Loans and Advances are subject to confirmation.

29. Contingent Liability not provided for in the accounts:

- Letters of credit / guarantees given to Banks Rs. 4,135.11 lakhs
- Bills discounting with Banks Rs. 1,700.76 lakhs
- Claims against company not acknowledged as debts Rs. 86.50 lakhs which includes tax dues disputed as Rs. 5.12 lakhs towards sales Tax, Rs. 54.56 lakhs towards Income Tax and includes Rs. 25.73 lakhs pertaining to pending suits regarding quality issue.
- The Commissioners of Central Excise, Mumbai and Hyderabad has issued Show Cause-Cum-Demand Notices for levy of Excise Duty on clearances of Micronutrients. The Commissioner of Central Excise, Mumbai, vide his Order dated 27th November, 2006 and Commissioner of Central Excise, Hyderabad, vide his Order dated 30th November 2005 had cancelled these demands in respect of clearance upto June, 2006. The Department has preferred appeals against the said orders. The Department has issued Show Cause Notices to the Company in respect of clearances thereafter. Though, in view of the Orders referred to above and the pending appeals, no action has been taken. The Company expects no liability in this regard.
- Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances) is Rs 697/- Lakhs.
- Claim made under Workmen's Compensation Act by ex-contract labourer at Bangalore of Rs. 20/- Lakhs.

30. Segmental Reporting as per Accounting Standard - 17

The Company has only One business Segment "Agro Inputs" as its primary segment and hence disclosure of segment-wise information is not required under Accounting Standard 17 'Segmental Information' notified pursuant to the Companies (Accounting Standard) Rules, 2006 (as amended).

Notes to the Financial Statements for the year ended 31st March, 2012

31. Supplementary Profit and Loss Data

	Year Ended 31 st March 2012 Rupees	Year Ended 31 st March 2011 Rupees
(a) Value of Imports calculated on CIF basis (on accrual basis) :	504,187,360	420,941,818
(b) Earnings in Foreign Currency (on accrual basis)		
F.O.B. Value of export sales	47,178,032	77,280,434
Interest	7,072,163	7,226,243
(c) Expenditure in Foreign Currency (on accrual basis)		
Foreign Traveling Expenses	1,232,936	3,923,687
Remittance towards Share Application Money to Golden Harvest Middle East FZC	22,172,500	34,200,000
Interest on ECB Loans	7,072,163	7,226,243
(d) Net Dividend remitted in Foreign Exchange		
Year to which it relates	2010-11	2010-11
Number of Non-Resident Shareholders	165	165
Number of Equity Shares held on which Dividend was due	464,960	464,960
Dividend Remitted	464,960	464,960
(e) Details of Consumption of Raw Materials :		
Particulars	Year Ended 31st March 2012 Rupees	Year Ended 31st March 2011 Rupees
Imported	245,612,037 72.66%	200,249,262 68.53%
Indigenous	92,440,222 27.34%	91,937,638 31.47%
Total	338,052,259 100.00	292,186,900 100.00

32. Derivative Instrument

The Company has entered into hedging contract in respect of Interest rate on ECB Loans. The profit and loss arising on account of such hedging contract is accounted as and when payment of interest falls due. The Company recovers such costs from its Subsidiary and hence there is no effect on profit and loss of the Company.

33. Previous years figures have been regrouped wherever necessary so as to make them comparable with the current year.

As per our report of even date

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah
Proprietor
Membership No 32371

Place : Mumbai.
Date :- 14th August, 2012

For and on behalf of the Board

Dr. Jimmy Mirchandani
Chairman & Managing Director

Dr. Rahul Mirchandani
Executive Director

Mr. S Ramamurthy
Chief Financial Officer

Dr. D S Jadhav
Director

Mr. Akshay Mirchandani
Director

Mr. Qaiser P. Ansari
Company Secretary

Prof R S S Mani
Director

Mr. C. B. Chhaya
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT

(Rupees in Lakhs)

Name of the Subsidiary Company	Financial Year ended of the Subsidiary	No. of Equity Shares Held	Extent of Holding	For Financial Year of the Subsidiary		For the Previous Financial Years since it became a Subsidiary	
1	2	3	4	5	6	7	8
				Profit / (Losses) so far it concerns the Members of the Holding Company and not dealt with in the books of account of the Holding Company (except to the extent dealt with in col. 6)	Profit / (Losses) so far it concerns the Members of the Holding Company and dealt with in the books of account of the Holding Company .	Profit / (Losses) so far it concerns the Members of the Holding Company and not dealt with in the books of account of the Holding Company (except to the extent dealt with in col. 8)	Profit / (Losses) so far it concerns the Members of the Holding Company and dealt with in the books of account of the Holding Company .
Aries Agro Care Pvt. Ltd.	31st March, 2012	10,000	100%	(10.92)	Nil	(8.96)	Nil
Aries Agro Equipments Pvt. Ltd.	31st March, 2012	10,000	100%	25.34	Nil	54.86	Nil
Golden Harvest Middle East FZC	31st March, 2012	1,125	75%	400.17	Nil	1,149.46	Nil
Aries Agro Produce Pvt. Ltd.	31st March, 2012	7,500	75%	(1.55)	Nil	Nil	Nil
Amarak Chemicals FZC	31st March, 2012	15,000 by Golden Harvest Middle East FZC	75%	Step Down Subsidiary			

As per our report of even date

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah
Proprietor
Membership No 32371

Place : Mumbai.
Date :- 14th August, 2012

For and on behalf of the Board

Dr. Jimmy Mirchandani
Chairman & Managing Director

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Director

Mr. Akshay Mirchandani
Director

Mr. Qaiser P. Ansari
Company Secretary

Prof R S S Mani
Director

Mr. C. B. Chhaya
Director

AUDIT REPORT TO THE SHARE HOLDERS OF ARIES AGRO LIMITED

- i. We have audited the attached Consolidated Balance sheet of **ARIES AGRO LIMITED (The Company)** and its subsidiaries / step down subsidiaries, **ARIES AGRO CARE PVT. LTD., ARIES AGRO EQUIPMENTS PVT. LTD., ARIES AGRO PRODUCE PVT. LTD., GOLDEN HARVEST MIDDLE EAST FZC** and **AMARAK CHEMICALS FZC** (Subsidiary Company of GOLDEN HARVEST MIDDLE EAST FZC) collectively referred to as the “**ARIES GROUP**” or “**The Group**” as at 31st March, 2012 and also the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement of THE GROUP for the period ended on that date annexed thereto. These financial statements are responsibility of the ARIES GROUP management and have been prepared by the management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these financial statements based on our audit.
- ii. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes
- examining, on a test basis, evidence to support the financial statement amounts and disclosures in the financial statement
 - assessing the accounting principles used in the preparation of financial statements
 - assessing significant estimates made by the management in the preparation of the financial statements and
 - evaluating overall financial statement presentation.
- We believe that our audit provides a reasonable basis for our opinion.
- iii. We did not audit the financial statements of the subsidiary company **GOLDEN HARVEST MIDDLE EAST FZC** and Step down Subsidiary **AMARAK CHEMICAL FZC**, whose financial statements reflect total assets of AED 88,232,106 as at 31st March 2012, the total revenue of AED 52,334,100 and cash flows amounting to AED 203,132 for the period then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.
- iv. We report that the consolidated financial statements have been prepared by the ARIES GROUP management in accordance with the requirement of Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standards (AS) 23, Accounting For Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- v. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- in the case of the Consolidated Balance Sheet, of the state of affairs of the “**ARIES GROUP**” as at 31st March, 2012 , and
 - in the case of the Consolidated Statement of Profit and Loss, of the profit for the period ended on that date.
 - in the case of the Consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

For Kirti D. Shah & Associates
Firm Registration No,115133W
Chartered Accountants

Kirti D. Shah
Proprietor
Membership No. 32371

Place: Mumbai
Date: 14/08/2012

Consolidated Balance Sheet as at 31st March, 2012

Particulars	Note No.	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	130,043,390	130,043,390
(b) Reserves and Surplus	4	1,268,079,935	1,164,273,435
		1,398,123,325	1,294,316,825
(2) Minority Interest	5		
(a) Equity		127,602,435	111,408,713
(b) Non-Equity		32,530,539	35,245,737
		160,132,974	146,654,449
(3) Non-Current Liabilities			
(a) Long Term Borrowings	6	165,645,813	234,457,546
(b) Deferred Tax Liability	7	21,388,120	20,408,385
(c) Long Term Provisions	8	6,602,117	437,472
		193,636,050	255,303,403
(4) Current Liabilities			
(a) Short Term Borrowings	9	1,269,409,326	882,900,365
(b) Traded Payables	10	429,017,070	457,278,114
(c) Other Current Liabilities	11	266,198,788	334,484,061
(d) Short Term Provisions	12	78,303,415	79,730,816
		2,042,928,599	1,754,393,356
TOTAL		3,794,820,948	3,450,668,034
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	13		
(i) Tangible Assets		829,965,638	896,190,789
(ii) Intangible Assets		18,774,042	20,911,570
(iii) Capital Work-in-Progress		199,357,553	188,598,771
(b) Non-Current Investments	14	16,639,800	14,600,400
(d) Unamortised Expenses	15	1,820,706	3,020,671
		1,066,557,739	1,123,322,201
(2) Current Assets			
(a) Inventories	16	1,277,106,028	1,083,755,496
(b) Trade Receivables	17	880,801,152	552,660,186
(c) Cash & Cash Equivalents	18	183,348,851	411,810,856
(d) Short Term Loans and Advances	19	387,007,178	279,119,295
		2,728,263,209	2,327,345,834
TOTAL		3,794,820,948	3,450,668,034

Significant Accounting Policies &
The Notes to Accounts 1 to 35 form part of these Financial Statements

As per our report of even date

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah
Proprietor
Membership No 32371

Place : Mumbai.
Date :- 14th August, 2012

For and on behalf of the Board

Dr. Jimmy Mirchandani
Chairman & Managing Director

Dr. Rahul Mirchandani
Executive Director

Mr. S Ramamurthy
Chief Financial Officer

Dr. D S Jadhav
Director

Mr. Akshay Mirchandani
Director

Mr. Qaiser P. Ansari
Company Secretary

Prof R S S Mani
Director

Mr. C. B. Chhaya
Director

Consolidated Statement of Profit and Loss for the Year Ended 31st March, 2012

Particulars	Note No.	Year Ended 31 March, 2012 Rupees	Year Ended 31 March, 2011 Rupees
I. Revenue from Operations	20	2,362,770,959	1,777,747,021
II. Other Income	21	46,507,873	31,185,983
III. Total Revenue (I + II)		2,409,278,831	1,808,933,004
IV. Expenses :			
(a) Consumption of Materials	22	1,170,486,745	921,388,675
(b) (Increase) / Decrease in Inventories of Finished Goods	23	(156,377,610)	(278,744,262)
(c) Employee Benefit Expenses	24	200,185,823	155,240,649
(d) Finance Costs	25	226,214,597	124,847,015
(e) Depreciation & Amortization Expenses	12	75,539,753	31,487,320
(f) Other Expenses	26	682,530,427	574,453,076
Total Expenses		2,198,579,736	1,528,672,474
V. Profit Before Tax (PBT) - (III - IV)		210,699,096	280,260,530
VI. Provision for Taxation			
(i) Tax Expense			
Current Tax		55,450,000	72,050,000
Deferred Tax		979,734	5,524,453
(ii) Wealth tax		500,000	500,000
		56,929,734	78,074,453
VII. Profit After Tax (Before Minority Interest) (PAT) - (V - VI)		153,769,362	202,186,077
Less :- Share of Profit transferred to Minority Interest		10,478,999	16,297,880
VIII. Profit After Tax (After Minority Interest)		143,290,363	185,888,196
Less :- Short Provision for Tax in Earlier Years		5,450,393	3,409,409
IX. Profit / (Loss) for the period		137,839,970	182,478,787
X. Earnings per Equity Share			
(1) Basic & Diluted	27	10.60	14.03

Significant Accounting Policies &
The Notes to Accounts 1 to 35 form part of these Financial Statements

As per our report of even date

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah
Proprietor
Membership No 32371

Place : Mumbai.
Date :- 14th August, 2012

For and on behalf of the Board

Dr. Jimmy Mirchandani
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Director

Mr. Kaiser P. Ansari
Company Secretary

Prof R S S Mani
Director

Mr. C. B. Chhaya
Director

Consolidated Statement of Cash Flows for the Year Ended 31st March, 2012

		Rupees in Lakhs	
Particulars	2011-12	2010-11	
A) CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax as per Profit and Loss Account	2,106.99		2,802.61
Adjusted for :			
Loss on Sale / Discard of Assets (net)	47.49	18.81	
Depreciation and Amortisation Expenses	755.40	314.87	
Effect of Exchange Rate Change	(216.77)	(274.96)	
Interim Dividend Paid	-	(130.04)	
Proposed Dividend	(195.07)	(130.04)	
Dividend Distribution Tax	(32.40)	(43.20)	
Interest Income	(454.51)	(212.02)	
Finance Cost	2,262.15	(1,248.47)	
	<u>2,166.29</u>		<u>(1,705.05)</u>
Operating Profit before Working Capital Changes	4,273.28		1,097.55
Adjusted for :			
Trade Receivable	(3,281.41)	645.50	
Inventories	(1,933.51)	(5,247.72)	
Trade Payable	(282.61)	1,924.85	
Other Payable	(635.48)	2,570.14	
	<u>(6,133.01)</u>		<u>(107.23)</u>
Cash Generated from Operations,	(1,859.72)		990.32
Net Prior Year Adjustments	(54.50)	(34.09)	
Taxes Paid	(559.50)	(725.50)	
	<u>(614.00)</u>		<u>(759.59)</u>
Net Cash from Operating Activities	<u>(2,473.73)</u>		<u>230.73</u>
B) CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of Fixed Assets	(324.40)		(5,599.00)
Sale of Fixed Assets / Transfer of Participating Interest	81.50		28.32
Purchase of Investment	(20.39)		1,854.88
Movement in Short Term Loans and Advances	(1,078.88)		1,041.22
Interest Income	454.51		212.02
Net Cash (used in) Investing Activities	<u>(887.66)</u>		<u>(2,462.56)</u>
C) CASH FLOW FROM FINANCIAL ACTIVITIES:			
Proceeds from Issue of Share Capital, Increase in Share Application Money, Shareholders Current Account	161.94		868.92
Long Term Borrowings (Net)	(688.12)		(235.00)
Short Term Borrowings (Net)	3,865.09		3,639.99
Interest Paid	(2,262.15)		1,248.47
Net Cash (used in) / from financing activities	<u>1,076.76</u>		<u>5,522.37</u>
Net Increase in Cash and Cash Equivalents	<u>(2,284.62)</u>		<u>3,290.53</u>
Opening Balance of Cash and Cash Equivalents	4,118.11		827.58
Closing Balance of Cash and Cash Equivalents	<u>1,833.49</u>		<u>4,118.11</u>

As per our report of even date

For and on behalf of the Board

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Dr. Jimmy Mirchandani
Chairman & Managing Director

Dr. D S Jadhav
Director

Prof R S S Mani
Director

Kirti D Shah
Proprietor
Membership No 32371

Dr. Rahul Mirchandani
Executive Director

Mr. Akshay Mirchandani
Director

Mr. C. B. Chhaya
Director

Place : Mumbai.
Date :- 14th August, 2012

Mr. S Ramamurthy
Chief Financial Officer

Mr. Kaiser P. Ansari
Company Secretary

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

1. Corporate Information

Aries Agro Limited ('Aries' or the 'Company') was incorporated at Mumbai in 1969 for manufacturing of small range of mineral feed additives for animals & birds and then diversified into mineral additives for the agriculture use and currently is into business of manufacturing micronutrients and other nutritional products for plants and animals.

In January, 2007 the Company incorporated Aries Agro Care Private Limited as a Wholly Owned Subsidiary for carrying business in the Branches of agro protection, agro and seeds etc.

In January, 2007 the Company incorporated Aries Agro Equipments Private Limited as a Wholly Owned Subsidiary for carrying business in all type of farm equipments, machinery etc.

In 2008 the Company acquired 75% Shares in Golden Harvest Middle East FZC, Sharjah, UAE, by virtue of which the said Golden Harvest Middle East FZC has become a Subsidiary of the Company. Golden Harvest Middle East FZC is in the business of manufacturing chelated Micronutrients.

In June, 2008 the Company incorporated Aries Agro Produce Private Limited as a Subsidiary for carrying business in all kinds of farming etc.

In the year 2010 the Company's Overseas Subsidiary viz M/S Golden Harvest Middle East FZC acquired 75% Shares of M/S Amarak Chemicals FZC based in Fujairah Free Zone, UAE by virtue of which M/S Amarak Chemicals FZC has become a Step Down Subsidiary of Aries Agro Limited.

Aries Agro Limited and its Subsidiaries ('the Group') are engaged in manufacture and trading of Micronutrient Fertilizers, Farm Equipments ranging from individual elements to mixed specialty plant nutrient fertilizers. Since 1969, Aries has pioneered several **innovative concepts of farming** to Farming Community, including the wonder of Chelation Technology, bio-degradable complexes of plant nutrients, water soluble NPK fertilizers, value added secondary nutrients, natural and biological products and water treatment formulations.

2. Basis of preparation and consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these consolidated financial statements to comply in all material respects with the Accounting Standards, notified by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 to reflect the financial position and the results of operations of ARIES GROUP together with its subsidiary companies. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except for change in accounting policy as explained in 2.1(A) (i) below.

All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated. The excess of the purchase price over the proportionate share of the book value of the net assets of the acquired subsidiary company on the date of investment is recognised in the consolidated financial statements as goodwill and disclosed under Intangible Assets. In case the cost of investment in subsidiary companies is less than the proportionate share of the book value of the net assets of the acquired subsidiary company on the date of investment, the difference is treated as capital reserve and shown under Reserves and surplus.

2.1 Summary of significant accounting policies

A. (i) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year's figures in accordance with the requirements applicable in the current year.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

B. Tangible fixed assets

Fixed assets are stated at cost, except for revalued freehold land and buildings, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the

asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates charged by the Municipal Authorities.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including routine repair and maintenance expenditure and cost of replacing parts, are charged to the Consolidated statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

C. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

- a) The cost of Property, Plant and Equipment for Subsidiary "Golden Harvest Middle East FZC" is depreciated by equal annual installments over the estimated useful lives of Assets. The estimated useful lives of the Assets for the calculation of Depreciation are as follows :

Name of the Asset	Years
Building	20
Machineries	10
Equipments	5
Office Equipments	5
Motor Vehicles	5

- b) The cost of Property, Plant and Equipment for Subsidiary "Amarak Chemicals FZC" is depreciated by equal annual installments over the estimated useful lives of Assets. The estimated useful lives of the Assets for the calculation of Depreciation are as follows :

Name of the Asset	Years
Building	20
Machineries	10
Furniture, Fixture and Office Equipments	5
Motor Vehicles	5
Motor Vehicles	5

Leasehold improvements are being depreciated over the lease term or estimated useful life whichever is lower. Used assets acquired from third parties are depreciated on a straight line basis over their remaining useful life of such assets.

The depreciation charge over and above the depreciation calculated on the original cost of the revalued assets is transferred from the revaluation reserve to the statement of profit and loss.

D. Intangible assets

- i) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Computer Software which is not an integral part of the related hardware is classified as an intangible asset.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

ii) Goodwill

Goodwill represents the excess of the purchase price over the book value of the net assets of the acquired subsidiary company on the date of investment. Goodwill is not amortised but is tested for impairment on a yearly basis

E. Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

F. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

G. Inventories

Inventories are valued as follows:

- (i) **Raw materials and packing materials** : Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first-in-first out basis. Customs duty on imported raw materials (excluding stocks in the bonded warehouse) is treated as part of the cost of the inventories.
- (ii) **Work-in-progress and finished goods** : Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
- (iii) **Traded goods** : Lower of cost and net realizable value. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

- (iv) Waste and scrap are not separately valued being insignificant in value

H. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of products:

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) Interest Income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(iii) Dividend income:

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

I. Investments

Investments that are readily realisable and intended to be held for not more than twelve months from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss

J. Retirement benefits

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions to the government funds are due. The Company has no obligation other than the contribution payable to provident fund authorities.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity benefit of the Company is administered by Life Insurance Corporation of India formed for this purpose through the group gratuity scheme. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long –term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

K. Foreign currency translation

The transactions in foreign currency are accounted at the exchange rate i.e. custom rate prevailing on the date of transaction. Exchange fluctuation between the transaction date and settlement date in respect of transactions are transferred to exchange rate difference account and written off to the statement of profit & loss.

Current assets and current liabilities involving transactions in foreign currency are converted at the exchange rates prevailing on the date of Balance Sheet. Any profit and loss arising out of such conversion is charged to the statement of profit & loss.

Non-monetary items i.e. investments are converted at the rate prevalent on the date of transaction.

L. Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liability is recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961", the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

M. Earnings Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

N. Operating lease

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

O. Segment reporting

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services to different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operates.

P. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Q. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

R. Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is directly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss. Income earned during construction period is deducted from the total of the indirect expenditure. All direct capital expenditure on expansion is capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

S. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

All the accounting policies as mentioned above will be applied at the relevant time.

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

3 SHARE CAPITAL

		As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Authorised Share Capital			
15,000,000 Equity Shares of Rs. 10/- each		150,000,000	150,000,000
Total		150,000,000	150,000,000
Issued, Subscribed and Paidup			
13,004,339 Equity Shares of Rs.10/- each.		130,043,390	130,043,390
Total		130,043,390	130,043,390

3.1 6,600,700 Equity Shares out of the Issued, Subscribed and Paidup Share Capital were allotted as fully paidup Bonus Shares since incorporation by capitalisation of Rs. 4.90 Crores from Revaluation Reserve, Rs. 0.91 Crores from Securities Premium Account and Rs. 0.79 Crores from statement of profit & loss.

3.2 17,00,700 Equity Shares out of the Issued, Subscribed and Paidup Share Capital were allotted as fully paid Bonus Shares in the last five years i.e.during the Financial Year 2006-07 by capitalisation of Rs. 91.46 Lacs from Securities Premium Account and Rs. 78.61 Lakhs from statement of profit & loss..

3.3 Reconciliation of Number of Shares Outstanding

Particulars	As at 31st March, 2012 No. of Shares	As at 31st March, 2011 No. of Shares
Equity Shares at the beginning of the year	13,004,339	13,004,339
Add : - Issued during the year	-	-
Less :- Shares cancelled during the year	-	-
Equity Shares at the end of the year	13,004,339	13,004,339

3.4 List of Shareholder's holding more than 5 percent of Shares

Name of the Shareholder	No. of Shares	As at 31st March, 2012 % Held	No. of Shares	As at 31st March, 2011 % Held
(i) Dr. T. B. Mirchandani	-	-	3,543,875	27.25%
(ii) Dr. Jimmy Mirchandani	3,410,955	26.23%	1,826,843	14.05%
(iii) Dr. Rahul Mirchandani	2,623,221	20.17%	663,458	5.10%

4 RESERVES AND SURPLUS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Capital Reserve		
As per last Balance Sheet	565,681	565,681
	565,681	565,681
Foreign Currency Translation Reserve		
Consolidation Difference	(14,704,121)	13,508,956
	(14,704,121)	13,508,956
Legal Reserve		
As per last Balance Sheet	1,038,917	1,038,917
Less :- Transferred to Minority Interest	259,729	259,729
	779,188	779,188
Securities Premium Reserve		
As per last Balance Sheet	490,037,050	490,037,050
	490,037,050	490,037,050

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Revaluation Reserve		
As per last Balance Sheet	79,324,639	82,129,072
Less : Depreciation on Revalued assets	2,804,433	2,804,433
	<u>76,520,206</u>	<u>79,324,639</u>
General Reserve		
As per last Balance Sheet	52,956,310	32,956,310
Add : Transfer from Profit & Loss A/c	15,000,000	20,000,000
	<u>67,956,310</u>	<u>52,956,310</u>
Surplus in the Statement of Profit & Loss		
As per last Balance Sheet	533,118,021	394,951,219
Add:- Profit for the year	151,553,897	182,478,787
	<u>736,877,769</u>	<u>577,430,006</u>
Less:- Appropriations		
Transfer to General Reserve	15,000,000	20,000,000
Proposed Dividend on Equity Shares { Dividend Per Share Rs. 1.50 (Previous Year Re 1/-) }	19,506,509	13,004,339
Interim Dividend Paid on Equity Shares { Dividend Per Share Rs. Nil (Previous Year Re 1/-) }	-	13,004,339
Dividend Distribution Tax	3,239,787	4,319,716
	<u>89,952,147</u>	<u>50,328,394</u>
	<u>646,925,622</u>	<u>527,101,612</u>
Total	<u><u>1,268,079,935</u></u>	<u><u>1,164,273,435</u></u>

5 MINORITY INTEREST

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Minority Interest - Equity	127,602,435	111,408,713
Minority Interest - Non Equity	(19,369,359)	35,245,737
	<u>108,233,075</u>	<u>146,654,449</u>

- 5.1 Minority Interest as at 31st March, 2012, represents that part of the profit and net assets of Golden Harvest Middle East FZC to the extent of 375 Shares (25%), Amarak Chemicals FZC to the extent of 5000 Shares (25%) and Aries Agro Produce Private Limited to the extent of 2500 Shares (25%) held by other parties.

6 LONG TERM BORROWINGS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Secured Term Loans		
Term Loans from Banks	146,083,399	211,880,952
Term Loans from Companies	48,048	151,223
	<u>146,131,447</u>	<u>212,032,174</u>
Un-Secured Term Loans		
Term Loans from Banks	19,514,366	22,425,372
	<u>19,514,366</u>	<u>22,425,372</u>
Total	<u><u>165,645,813</u></u>	<u><u>234,457,546</u></u>

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

6.1 Secured Term Loans from Banks referred above to the extent of :

- (a) Rupees 12,188,251/- are secured by way of Charge on the Company's Motor Vehicles.
- (b) Rupees 118,301,455/- is a Foreign Currency Term Loan which is secured by way of Equitable Mortgage of Land and Building and personal guarantee of Directors.
- (c) Rupees 15,593,693/- are secured to Axis Bank Ltd by way of Primary Charge on all Fixed Assets at Mouje Rajpur, Gujarat and personal guarantee of Directors.

6.2 Secured Term Loans from Companies are secured by way of Charge on the Company's Motor Vehicles.

6.3 Un-Secured Term Loans from Banks are secured by way of Charge on personal Assets of Directors and guaranteed by the Directors.

6.4 Maturity Profile of Secured Term Loans are as set out below :

	Particulars	F Y 2012-13*	F Y 2013-14	F Y 2014-15	F Y 2015-16 and Beyond
(a)	Term Loans from Banks	118,156,645	40,709,196	71,695,789	33,678,414
(b)	Term Loans from Companies	82,368	48,048	-	-

* Refer Note No. 11

6.5 Maturity Profile of Un-Secured Term Loans are as set out below :

	Particulars	F Y 2012-13*	F Y 2013-14	F Y 2014-15	F Y 2015-16 and Beyond
(a)	Term Loans from Banks	2,911,006	3,280,194	3,696,205	12,537,967

* Refer Note No. 11

7 DEFERRED TAX LIABILITY

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Deferred Tax Liability		
Related to Fixed Assets : Impact of difference between income tax depreciation and depreciation charged for the financial reporting.	23,370,073	24,113,531
Gross Deferred Tax Liability	23,370,073	24,113,531
Deferred Tax Assets		
Deductions under the Income Tax Act, 1961	-	3,705,146
Disallowance under the Income Tax Act, 1961 U/s 43B	1,981,953	-
Gross Deferred Tax Asset	1,981,953	3,705,146
Net Deferred Tax Liability	21,388,120	20,408,385

8 LONG TERM PROVISIONS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Employee Related		
Provision for Gratuity	1,815,735	-
Provision for Leave Salary	4,786,382	437,472
	6,602,117	437,472

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

9 SHORT TERM BORROWINGS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Secured Borrowings		
Working Capital Facilities from Banks	887,722,278	694,281,905
	887,722,278	694,281,905
Un-Secured Borrowings		
Working Capital Facilities from Banks	269,841,285	93,783,060
From Related Parties	3,701,290	-
From Others	45,822,105	43,800,016
Security Deposits	62,322,368	51,035,383
	381,687,048	188,618,459
	1,269,409,326	882,900,365

9.1 Working Capital Facilities from Banks shown under Secured Borrowings are secured by way of Charge on Company's Inventory, Book Debts, Charge on Land, Building, Plant & Machinery and all other movable fixed assets of the Company and guaranteed by Directors.

9.2 Working Capital Facilities from Banks includes :

a) Loans repayable on demand	397,500,000	279,053,496
b) Cash Credit Facilities	312,475,517	258,243,447
c) Buyers Credit	177,746,761	156,984,962
	887,722,278	694,281,905

9.3 Working Capital Facilities from Banks shown under Un-secured Borrowings includes :

a) Loans repayable on demand	269,841,285	93,783,060
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9.4 Loan from Related parties includes amount payable to Mirabelle Holdings.

10 TRADE PAYABLES

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Creditors for Goods	328,525,928	363,088,604
Creditors for expenses	58,914,631	53,876,599
Outstanding Expenses	41,576,511	40,312,911
Total	429,017,070	457,278,114

10.1 There are no Micro and Small Enterprises to whom Company owes dues, which are outstanding for more than 45 days as at 31st March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

11 OTHER CURRENT LIABILITIES

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Current Maturities of Long Term Debt (Refer Note No. 6)	121,150,019	55,866,250
Interest Accrued but not due on Borrowings	3,983,657	1,391,149
Advance/Credits from Customers	91,276,152	13,669,172
Dues to Directors	14,745,260	6,923,673
Statutory Dues	9,310,770	6,633,817
Other Payables	25,732,929	250,000,000
Total	266,198,788	334,484,061

11.1 Current Maturities of Long Term Debt includes amount repayable within one year of :

- (a) Secured Term Loans from Banks Rs. 118,156,645/-.
- (b) Secured Term Loans from Companies Rs. 82,368/-.
- (c) Un-Secured Term Loans from Banks Rs. 2,911,006/-.

11.2 Secured Term Loans from Banks included in Current Maturities of Long Term Debt to the extent of :

- (a) Rupees 8,827,247/- are secured by way of Charge on the Company's Motor Vehicles.
- (b) Rupees 105,730,854/- is a Foreign Currency Term Loan which is secured by way of Equitable Mortgage of Land and Building and personal guarantee of Directors.
- (c) Rupees 3,598,544/- are secured to Axis Bank Ltd by way of Primary Charge on all Fixed Assets at Mouje Rajpur, Gujarat and personal guarantee of Directors.

11.3 Secured Term Loans from Companies included in Current Maturities of Long Term Debt to the extent of Rs. 82,368/- are secured by way of Charge on the Company's Motor Vehicles.

11.4 Un-Secured Term Loans from Banks included in Current Maturities of Long Term Debt to the extent of Rs. 2,911,006/- are secured by way of Charge on personal Assets of Directors and guaranteed by the Directors.

11.5 Statutory Dues includes Indirect Taxes, Provident Fund, Employees State Insurance and Profession Tax.

11.6 Other Payables includes Book Overdrafts.

12 SHORT TERM PROVISIONS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Employee Related		
Provision for Gratuity	5,263,677	6,429,113
Provision for Leave Salary	2,648,286	-
Other Provisions		
Proposed Dividend	19,506,509	13,004,339
Dividend Distribution Tax	3,239,787	2,159,858
Provision for Income Tax (Net of Payments)	47,145,156	57,637,506
Provision for Wealth Tax	500,000	500,000
Total	78,303,415	79,730,816

13. Fixed Assets
Schedule of Fixed Assets for the year ended 31st March, 2012
(Amount in Rupees)

Sr No	Particulars	Gross Block				Depreciation Block				Net Block		
		Balance as on	Additions during the Year	Deductions During the Year	Balance as on	Balance as on	Provided during the Year	On Revaluations	Deductions during the Year	Total as on	As on	As on
		31-Mar-11			31-Mar-12	31-Mar-11				31-Mar-12	31-Mar-12	31-Mar-11
	TANGIBLE ASSETS											
1	Land	1,514,775	-	-	1,514,775	-	-	-	-	-	1,514,775	1,514,775
2	Factory Building	425,736,246	2,371,097	-	428,107,343	43,910,103	11,850,445	2,804,433	-	58,584,981	369,542,362	381,826,143
3	Residential Flat	350,000	-	-	350,000	81,667	5,705	-	-	87,372	262,628	268,333
4	Plant & Machinery	397,468,072	5,508,505	839,575	402,137,002	30,115,769	44,972,544	-	255,808	74,832,505	327,304,497	367,352,303
5	Electrical Installations	5,126,629	-	-	5,126,629	1,181,362	214,385	-	-	1,395,747	3,730,882	3,945,267
6	Laboratory Equipments	2,010,710	52,506	-	2,063,216	483,115	87,496	-	-	570,611	1,492,605	1,527,595
7	Office Equipments	41,732,009	757,621	-	42,489,630	1,825,784	539,801	-	-	2,365,585	40,124,045	39,906,226
8	Furniture & Fixtures	18,292,312	538,500	-	18,830,812	3,491,959	1,335,242	-	-	4,827,201	14,003,612	14,800,354
9	Air Conditioners	2,808,368	120,250	-	2,928,618	1,430,932	129,847	-	-	1,580,779	1,367,839	1,377,436
10	Computer	6,217,805	434,037	50,899	6,600,943	4,162,734	642,170	-	13,513	4,791,391	1,809,552	2,055,071
11	Vehicles	66,806,471	11,629,847	23,081,000	55,355,318	20,414,660	6,729,327	-	10,431,004	16,712,983	38,642,335	46,391,811
12	Commercial Vehicles	44,694,685	-	-	44,694,685	9,469,210	5,054,969	-	-	14,524,179	30,170,506	35,225,475
	Total Tangible Assets	1,012,758,082	21,412,363	23,971,474	1,010,198,971	116,567,294	71,561,931	2,804,433	10,700,325	180,233,333	829,965,638	896,190,789
	Previous Year Rs.	475,884,215	544,164,882	7,291,015	1,012,758,083	88,856,618	27,771,841	2,804,433	2,865,597	116,567,294	896,190,789	387,027,597
	INTANGIBLE ASSETS											
13	Goodwill	12,044,013	-	-	12,044,013	-	-	-	-	-	12,044,013	12,044,013
14	Computer Software	17,007,753	640,330	-	17,648,083	8,140,196	2,777,858	-	-	10,918,054	6,730,029	8,867,557
	Total Intangible Assets	29,051,766	640,330	-	29,692,096	8,140,196	2,777,858	-	-	10,918,054	18,774,042	20,911,570
	Previous Year Rs.	15,368,641	13,683,125	-	29,051,766	5,460,992	2,679,204	-	-	8,140,196	20,911,570	9,907,649
15	Capital Work in Progress										199,357,553	187,909,466
	Total Assets										1,048,097,233	1,105,011,825

13.1 The Gross Block of Fixed Assets includes Rs. 176,000,000/- (Previous Year Rs. 176,000,000/-) on account of revaluation of Building carried out in F Y 1994-95. Consequent to the said revaluation there is an additional charge of depreciation of Rs. 2,804,433/- (Previous Year Rs. 2,804,433/-) and an equivalent amount has been debited to Revaluation Reserve and Credited to Accumulated Depreciation on Buildings. This has no impact on Profit or Loss for the year.

13.2 Capital Work in Progress represents Advance for Existing Office Building renovation and Expenditure incurred in connection with Project Africa and Chhatral (Gujarat). On completion the Capital Work in Progress will be allocated to relevant Assets.

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

14 NON-CURRENT INVESTMENTS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Trade Investments		
In Equity Shares of Foreign Subsidiary Companies - Unquoted, Fully paidup		
(48,000 Equity Shares of AED 25 each) - MAPCO Fertilizers Industries FZC	16,624,800	14,582,400
	<u>16,624,800</u>	<u>14,582,400</u>
Other Investments		
In Government Securities - Unquoted		
National Savings Certificate	15,000	18,000
(Deposited with BMC for plot at Deonar, Mumbai and for S.S.I. Registration deposited with Industrial Department, Hyderabad)		
	<u>15,000</u>	<u>18,000</u>
Total	<u>16,639,800</u>	<u>14,600,400</u>

14.1 Mapco Fertilizer Industries on implementation would manufacture NPK soluble fertilizers.

15 UNAMORTISED EXPENSES

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
(a) As per last Balance Sheet	3,020,672	4,044,916
(b) Add :- Additions during the year	-	12,030
(c) Less :- 1/5th written off	1,199,965	1,036,275
Total	<u>1,820,706</u>	<u>3,020,671</u>

16 INVENTORIES

(At lower of cost or Net Realisable Value)
(As Certified and valued by the Management)

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Raw Materials	464,777,811	322,422,202
Finished Goods	514,402,904	343,481,268
Stock-in-Trade (in respect of Goods aquired for Trading)	191,555,442	320,213,061
Packing Materials	106,369,871	97,638,965
Total	<u>1,277,106,028</u>	<u>1,083,755,496</u>

17. TRADE RECEIVABLES

(Unsecured - Considered Good)

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Outstanding for a period exceeding six months	230,433,748	181,386,685
Others	650,367,404	371,273,501
Total	<u>880,801,152</u>	<u>552,660,186</u>

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

17.1 Trade Receivables includes Amount due from Related Parties

	Particulars	Maximum Balance during the year Rupees	As at 31st March, 2012 Rupees	As at 31st March, 2011 Rupees
(a)	Sreeni Agro Chemicals Pvt Ltd	16,370,998	-	2,000,708
(b)	Aries Marketing Ltd	21,840,616	-	4,168,264
		16,370,998	-	6,168,972

18 CASH AND CASH EQUIVALENTS

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Balance with Scheduled Banks in Current Accounts	46,961,526	82,675,653
Cash on hand	1,619,051	80,452
Balance with Scheduled Banks in Fixed Deposit Accounts	134,768,273	329,054,751
Total	183,348,851	411,810,856

18.1 The Fixed Deposits are kept as Margin against various Credit Limits / Guarantees.

18.2 Fixed Deposits with Banks includes Rs. 295,000/- being the amount of Fixed Deposits for issue of Bank Guarantees on behalf of Subsidiaries / Associates.

19 SHORT TERM LOANS AND ADVANCES

	As at 31 March, 2012 Rupees	As at 31 March, 2011 Rupees
Loans and Advances to Related Parties	41,742,518	42,696,826
Balances with Customs, Central Excise, Sales Tax Authorities	2,549,808	2,518,194
Deposits	7,435,933	4,528,117
Others	335,233,919	229,331,158
Tax Refunds		
MAT Credit	45,000	45,000
Total	387,007,178	279,119,295

19.1 Loans and Advances in the nature of Loans given to Subsidiaries and Associates :

	Particulars	Maximum Balance during the year Rupees	As at 31st March, 2012 Rupees	As at 31st March, 2011 Rupees
	Companies under management in which Directors are interested			
(a)	Aries East West Nutrients Pvt Ltd	4,499,536	-	4,499,536
(b)	Mapco Fertilizers	41,742,518	41,742,518	34,029,027

- All the above Loans and Advances are interest free loans.
- Receipt of the principal amount of the above loans are regular.
- Other terms and conditions on which such loans and advances are given to the Companies are not prejudicial to the interest of the Company.

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

19.2 Other Advances includes :

Particulars	As at 31st March, 2012 Rupees	As at 31st March, 2011 Rupees
a) Advance to Suppliers	299,239,121	206,649,900
b) Advance to Staff against expenses	5,498,691	7,727,195
c) Imprest Advance for Vehicle Expenses	118,209	80,709
d) Interest Accrued but not due	3,251,421	1,003,220
e) Prepaid Expenses	26,005,091	12,667,408
f) Staff Loans	1,121,386	1,202,726
	335,233,919	229,331,158

20 REVENUE FROM OPERATIONS

	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
Sales of Products		
Manufactured	1,250,183,963	1,034,927,385
Traded	1,140,196,363	765,539,072
	2,390,380,326	1,800,466,457
Less:-Excise Duty	27,609,367	22,719,436
Total	2,362,770,959	1,777,747,021

20.1 Particulars of Sale of Products :

Particulars	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
Manufactured Products		
(a) Agricultural Mirconutrient and Speciality Fertilizers	1,04,45,22,987	69,88,36,179
(b) Plant Nutrients	9,83,05,310	16,31,11,597
(c) Insecticides and Pesticides	13,00,74,303	12,81,68,721
(d) Animal Feed and Feed Concentrates	25,13,521	45,61,032
	1,27,54,16,121	99,46,77,529
Less :- Excise Duty	2,76,09,367	2,27,19,436
	1,24,78,06,753	97,19,58,093
Traded Products		
(a) Agricultural Mirconutrient and Speciality Fertilizers	54,28,38,978	32,52,19,728
(b) Plant Nutrients	39,37,42,517	25,07,89,109
(c) Insecticides and Pesticides	10,70,27,454	9,45,29,002
(d) Agri Equipments	2,33,89,434	3,55,66,801
(e) Seeds	-	5,87,961
(f) Others	4,79,65,823	9,90,96,326
Total	1,11,49,64,206	80,57,88,928
	2,36,27,70,959	1,77,77,47,021

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

21 OTHER INCOME

	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
Interest Income on :		
Bank Fixed Deposits	28,837,303	5,198,425
Others	16,613,733	16,003,624
Other Non-Operating Income		
Commission on Sales	-	229,985
Exchange Rate Fluctuation / Difference due to Translation	-	9,218,980
Misc. / Other Income	605,809	534,968
Re-Processing Charges	446,715	-
Sales Tax Refund - 2007-08	4,313	-
Total	46,507,873	31,185,983

22 CONSUMPTION OF MATERIALS

	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
1) Opening Stock of Raw Materials	335,227,234	101,295,405
Add : Purchases	341,457,399	429,338,649
Custom Duty / Clearance Charges	589,881	-
	677,274,514	530,634,054
Less : Purchase Return	-	3,514,319
Less : Closing Stock of Raw Materials	453,657,778	322,422,202
Raw Material Consumed	223,616,736	204,697,533
2) Opening Stock of Traded Products	324,544,351	216,784,554
Add : Purchases	696,164,769	598,814,726
	1,020,709,120	815,599,280
Less : Closing Stock of Traded Products	200,599,052	216,784,537
Cost of Goods Sold	820,110,068	598,814,743
3) Opening Stock of Packing Materials	97,710,064	83,165,042
Add : Purchases	135,022,375	132,350,322
	232,732,439	215,515,364
Less : Closing Stock of Packing Materials	105,972,498	97,638,965
Packing Materials Consumed	126,759,941	117,876,399
Consumption of Materials (1+2+3)	1,170,486,745	921,388,675

23 (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS

	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
Inventories at the beginning of the year		
Finished Goods	345,599,540	165,339,280
Goods-in-Transit	-	2,826,250
	345,599,540	168,165,530
Inventories at the end of the year		
Finished Goods	501,977,150	446,909,792
	-	-
(Increase) / Decrease in Inventories	(156,377,610)	(278,744,262)

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

24 EMPLOYEE BENEFIT EXPENSES

	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
Salary and Wages	147,674,695	114,921,237
Directors Remuneration	26,498,721	16,822,920
Contribution to Provident & Other Funds	21,037,815	18,117,225
Staff Welfare Expenses	4,974,592	5,379,268
Total	200,185,823	155,240,649

24.1 As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below :

Particulars	As at 31st March, 2012 Rupees	As at 31st March, 2011 Rupees
Defined Contribution Plans		
Contribution to Defined Contribution Plans, recognised as expense for the year is as under :		
Employer's Contribution to Provident Fund	11,470,614	9,109,794
All Employees having served from the 1st day of their employment are entitled to the benefits of the contribution to Provident Fund.		
The Company contributes specified percentage of the salary paid to Employees to the Defined Fund.		
Defined Benefit Plan		
All Employees who have completed five years or more of service are entitled to benefits of Gratuity. The Company has the Employee's Gratuity scheme managed by Life Insurance Corporation of India which is a Defined Benefits Plan. The present value of obligation is determined based on actuarial valuation. The obligation for Leave Encashment is recognised in the same manner as Gratuity.		

I Reconciliation of Opening and Closing balances of Defined Benefit Obligation

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Defined Benefit obligation at beginning of year	33,881,684	25,900,077	4,482,314	-
Current Service Cost	2,255,953	1,743,000	1,092,389	-
Interest Cost	2,710,535	2,072,006	369,791	-
Actuarial (gain) / loss	3,249,749	6,657,591	21,650	-
Benefits paid	(1,484,344)	(2,490,990)	-	-
Defined Benefits obligation at year end	40,613,577	33,881,684	5,966,144	-

II Reconciliation of opening and closing balances of fair value of Plan Assets

	Gratuity	
	2011-12	2010-11
Fair value of plan assets at beginning of the year	26,826,802	9,850,079
Expected return on plan assets	2,621,826	1,674,861
Actuarial gain / (loss)	-	-
Employer Contribution	7,385,616	17,792,852
Benefits paid	(1,484,344)	(2,490,990)
Fair value of Plan assets at year end	35,349,900	26,826,802
Actual return on plan assets	2,621,826	1,674,861

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

III Reconciliation of fair value of assets and obligations

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Fair value of plan assets	35,349,900	26,826,802	-	-
Present value of obligation	40,613,577	33,881,684	5,966,144	-
Amount recognised in Balance Sheet	5,263,677	7,054,882	5,966,144	-

IV Expenses recognised during the year

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Current Service Ccost	2,255,953	1,743,000	1,092,389	-
Interest Cost	2,710,535	2,072,006	369,791	-
Expected return on Plant assets	(2,621,826)	(1,674,861)	-	-
Actuarial (gain) / loss	3,249,749	6,657,591	21,650	-
Net Cost	5,594,411	8,797,736	1,483,830	-

V Investment details :

	% Invested	
	2011-12	2010-11
Insurance Policies	100.00	100.00
	100.00	100.00

VI Actuarial assumptions

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8%	8%	8.75%	8.25%
Expected rate of return on plan assets (per annum)	8%	8%		
Rate of escalation in salary (per annum)	5%	5%	7%	7%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

The Company had not provided in Leave Salary upto 31st March, 2011 of Rs. 4,482,314/-. During the current year the Company has provided the same and includes the obligations in respect of earlier year.

25 FINANCE COSTS

	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
Interest Expense	180,122,123	87,234,354
Other Borrowing Costs	30,627,834	35,596,819
Net Gain / Loss on Foreign Currency Transaction and Translation	15,464,640	2,015,843
Total	226,214,597	124,847,015

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

26 OTHER EXPENSES

	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
Manufacturing Expenses		
Consumption of Stores & Spare Parts	531,856	96,103
Power & Fuel	24,162,140	12,388,284
Rent, Rates & Taxes	38,008,518	26,059,631
Repairs to Building	2,232,672	2,746,716
Repairs to Machinery	5,370,662	5,341,661
Miscellaneous Expenses	102,827,321	87,578,419
	<u>173,133,169</u>	<u>134,210,815</u>
Selling & Distribution Expenses		
Advertisement & Publicity	64,394,418	37,837,609
Discount and Rebate	172,177,691	164,709,887
Freight & Delivery Expenses	98,905,957	95,082,715
Mobile Selling Expenses	17,351,277	23,003,732
Selling Expenses	7,354,308	6,713,599
Travelling Expenses	52,967,141	43,831,170
	<u>413,150,793</u>	<u>371,178,712</u>
Other Administration Expenses		
Audit Fees	1,830,767	1,288,248
Conveyance & Motor Car Expenses	21,721,889	17,119,871
Electricity	1,015,171	757,176
General Expenses	7,298,992	7,370,585
Insurance	5,460,289	3,669,898
Legal & Professional Fees	12,474,750	7,877,477
Loss on Sale of Asset	4,749,154	1,880,737
Postage & Telephones	9,087,104	7,726,275
Printing & Stationery	6,367,986	8,812,168
Rent, Rates & Taxes	24,801,882	10,452,129
Repairs & Maintenance	1,374,130	2,050,020
Write Offs	64,352	58,965
	<u>96,246,465</u>	<u>69,063,549</u>
Total	<u>682,530,427</u>	<u>574,453,076</u>

26.1 Payment to Auditors as :

Particulars	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
(a) Statutory Audit Fees	1,830,767	1,299,277
(b) Tax Audit Fees	185,394	193,025
(c) Taxation Matters	299,667	60,665
(d) Certification and Consultancy Fees	45,223	-
	<u>2,361,051</u>	<u>1,552,967</u>

27 EARNINGS PER SHARE (EPS)

Particulars	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
(i) Net Profit After Tax (PAT) as per Statement of Profit and Loss attributable to Equity Shareholders (Rs.in Lakhs)	137,839,970	182,478,787
(ii) Weighted Average number of Equity Shares used as denominator for calculating EPS	13,004,339	13,004,339
(iii) Basic & Diluted Earnings per Share (Rs.)	10.60	14.03
(iv) Face Value per Equity Share (Rs.)	10	10

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

28.1 The Company's significant leasing arrangements are in respect of Operating Leases for Vehicles. These leasing arrangements which are not non-cancellable range upto 36 months and are renewable by mutual consent on mutually agreeable terms. The aggregate Lease Rentals payable are charged as "RENT" in Other Administrative Expenses under Note 26.

Particulars	Total Minimum Lease Payments outstanding as at 31st March, 2012 Rupees	Total Minimum Lease Payments outstanding as at 31st March, 2011 Rupees
(a) Within One year	11,764,788	-
(b) Later than One year and not later than Five years	15,861,977	-
(c) Later than Five years	-	-
	<u>27,626,765</u>	<u>-</u>
The above lease rentals are inclusive of VAT, Insurance and Other Charges		

28.2 Lease payments recognised in the statement of Profit and Loss Account :

Particulars	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
(a) Minimum Lease Payments (Inclusive of VAT, Insurance and Other Charges)	8,327,051	-

28.3 General description of Lease terms :

- (a) Lease Rentals are charged on the basis of agreed terms.
- (b) Assets are taken on Lease for a period of 36 months.

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

29. RELATED PARTY DISCLOSURES

Related Party Disclosures as per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India

Part - A						
Details of Related Parties as per AS - 18						
Sr. No.	Nature of Relationship	Name of the Related Party		Remarks		
1	Enterprises over which the Key Management Persons has significant Influence of Control	a)	Aries Marketing Ltd.			
		b)	Blossoms International Ltd.			
		c)	Sreeni Agro Chemicals Pvt. Ltd.			
		d)	Aries East West Nutrients Pvt. Ltd.			
2	Key Management Personnel	a)	Dr. Jimmy Mirchandani	a)	Chairman & Managing Director	
		b)	Dr. Rahul Mirchandani	b)	Executive Director	
		c)	Mr. Akshay Mirchandani	c)	Director	
3	Relatives of Key Management Personnel	Name of the Key Management Personnel		Name of the Relative		Relationship
		a)	Dr. Jimmy Mirchandani	a)	Mrs. Sarasa Mirchandani	Spouse
				b)	Mr. Akshay Mirchandani	Son
				c)	Mr. Amol Mirchandani	Son
				d)	Dr. Rahul Mirchandani	Brother
		b)	Dr. Rahul Mirchandani	a)	Mrs. Nitya Mirchandani	Spouse
				b)	Mastar Armaan Mirchandani	Son
				c)	Dr. Jimmy Mirchandani	Brother
		c)	Mr. Akshay Mirchandani	a)	Mrs. Aparna Mirchandani	Spouse
				b)	Dr. Jimmy Mirchandani	Father
				c)	Mrs. Sarasa Mirchandani	Mother
				d)	Mr. Amol Mirchandani	Brother

Part - B				
Details of Transactions with Related Parties				
Sr. No.	Category	Nature of Service	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
1	Enterprises over which Key Management Personnel has significant influence or control	Finance - Loans / Payments Given	17,448	5,000,000
		Finance - Loans / Payments Received	8,685,248	17,672,352
		Sale of Goods	-	21,915,708
		Purchases Made	-	20,475,000
		Receipts from Sale of Goods	2,000,708	19,915,000
		Payments (Net of Receipts) for Goods	3,081,784	17,393,216
2	Key Management Personnel	Finance - Loans / Payments Given	23,500,000	30,500,000
		Finance - Loans / Payments Received	23,500,000	30,500,000
		Directors Remuneration Paid	17,603,204	15,473,204
3	Enterprises belonging to Key Management Personnel	Finance - Loans / Payments Received	-	2,157,138

Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2012

Part - C				
Balance Outstanding with Related Parties				
Nature of Outstanding	Category	Name of the Party	As at 31 March 2012 Rupees	As at 31 March 2012 Rupees
Sundry Debtors	Enterprise over which Key Management Personnel has significant influence or control	Aries Marketing Ltd.	-	4,168,264
		Sreeni Agro Chemicals Pvt. Ltd.	-	2,000,708
Sundry Creditors		Sreeni Agro Chemicals Pvt. Ltd.	-	3,081,784
Loans & Advances		Aries East West Nutrients Pvt Ltd	-	4,499,536
Dues to Directors	Key Management Personnel	Dr. Jimmy Mirchandani	3,545,149	3,650,653
		Dr. Rahul Mirchandani	3,599,601	3,273,020

30. Description of the group

The group's subsidiaries are set as below:

ENTITY	% HOLDING	Country
Aries Agro Care Pvt. Ltd.	100%	India
Aries Agro Equipments Pvt. Ltd.	100%	India
Aries Agro Produce Pvt. Ltd.	75%	India
Golden Harvest Middle East FZC	The Company having remitted contribution of 112,500 AED towards Equity they have been classified under Equity and the balance 16,765,500 AED is presently categorized under Shareholders Current Account.	UAE
Amarak Chemicals FZC	Golden Harvest Middle East FZC (Subsidiary Company of Aries Agro Limited) having remitted contribution of 2,250,000 AED towards Equity they have been classified under Equity and the balance 27,849,627 AED is presently categorized under Shareholders Current Account.	UAE

31. Current Assets, Loans & Advances and Provisions

- The current assets and loans and advances are approximately of the value stated, if realized in the ordinary course of business.
- The provision for all known liabilities is not in excess of the amounts reasonably necessary.
- The balances of sundry creditors, sundry debtors and loans and advances are subject to confirmation.

32. Gratuity

UAE Operations:

The liability to employees is fully provided for in the accounts.

33. Contingent liability not provided for in the accounts:

- Letters of credit / guarantees given to Banks Rs. 4,135.11 lakhs
- Bills discounting with Banks Rs. 1,700.76 lakhs
- Claims against company not acknowledged as debts Rs. 86.50 lakhs which includes tax dues disputed as Rs. 5.12 lakhs towards sales Tax, Rs. 54.56 lakhs towards Income Tax and includes Rs. 25.73 lakhs pertaining to pending suits regarding quality issue.
- The Commissioners of Central Excise, Mumbai and Hyderabad has issued Show Cause-Cum-Demand Notices for levy of Excise Duty on clearances of Micronutrients. The Commissioner of Central Excise, Mumbai, vide his Order dated 27th November, 2006 and Commissioner of Central Excise, Hyderabad, vide his Order dated 30th November 2005 had cancelled these demands in respect of clearance upto June, 2006. The Department has preferred appeals against the said orders. The Department has issued Show Cause Notices to the Company in respect of clearances thereafter. Though, in view of the Orders referred to above and the pending appeals, no action has been taken. The Company expects no liability in this regard.

- e) Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances) is Rs 697/- Lakhs.
- f) Claim made under Workmen's Compensation Act by ex-contract labourer at Bangalore of Rs. 20/- Lakhs.

34. Segmental Reporting as per Accounting Standard - 17

The Company has only One business Segment " Agro Inputs " as its primary segment and hence disclosure of segment-wise information is not required under Accounting Standard 17 'Segmental Information' notified pursuant to the Companies (Accounting Standard) Rules, 2006 (as amended).

- 35.** Previous years figures have been regrouped wherever necessary so as to make them comparable with the current year.

As per our report of even date

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah
Proprietor
Membership No 32371

Place : Mumbai.
Date :- 14th August, 2012

For and on behalf of the Board

Dr. Jimmy Mirchandani
Chairman & Managing Director

Dr. Rahul Mirchandani
Executive Director

Mr. S Ramamurthy
Chief Financial Officer

Dr. D S Jadhav
Director

Mr. Akshay Mirchandani
Director

Mr. Qaiser P. Ansari
Company Secretary

Prof R S S Mani
Director

Mr. C. B. Chhaya
Director

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the accompanying separate financial statements of **Golden Harvest Middle East (FZC)**, ("the Company") Sharjah Airport International Free Zone, Sharjah, United Arab Emirates which comprise the balance sheet as at 31 March 2012, the income statement, statement of changes in shareholders' funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The

procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of **Golden Harvest Middle East (FZC)**, Sharjah Airport International Free Zone, Sharjah, United Arab Emirates as of 31 March 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

FRG CHARTERED ACCOUNTANTS

Place : Dubai
Date : April 23, 2012

Habib Darwish Al Rahma
Registration No. 342

Balance Sheet as at 31 March 2012

	Notes	2012 AED	2011 AED
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,294,067	5,670,925
Investment in subsidiaries/associates	5	3,450,000	3,450,000
Capital work in progress	6	-	56,724
		8,744,067	9,177,649
Current assets			
Inventories	7	6,326,953	7,685,684
Accounts receivable	8	10,410,247	2,849,582
Prepayments and other receivables	9	175,764	338,970
Amounts due from related parties	10	21,495,677	15,818,585
Advance towards share application money	11	27,849,627	27,849,627
Cash and bank balances	12	41,431	92,086
Total current assets		66,299,699	54,634,534
TOTAL ASSETS		75,043,766	63,812,183
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	13	150,000	150,000
Shareholders' current accounts	14	18,748,000	16,890,500
Retained earnings		15,953,943	11,850,575
Reserve fund	15	75,000	75,000
Total shareholders' funds		34,926,943	28,966,075
Non Current liabilities			
Provision for employees' terminal benefits	16	77,271	58,675
Term loans - non current portion	17	84,501	42,508
Total non - current liabilities		161,772	101,183
Current liabilities			
Accounts payable and accruals	18	5,616,356	211,233
Short term loans	19	19,477,500	7,717,500
Amounts due to related parties	10	14,789,029	26,742,608
Term loans - current portion	17	72,166	73,584
Total current liabilities		39,955,051	34,744,925
Total liabilities		40,116,823	34,846,108
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		75,043,766	63,812,183

The notes on pages 89 to 95 form part of these financial statements.

For Golden Harvest Middle East (FZC)
Director

Place: Sharjah
Date : 23.04.2012

Statement of Profit & Loss for the year ended 31 March 2012

	Notes	2012 AED	2011 AED
INCOME			
Sales	20	29,514,219	28,077,550
Cost of sales	21	(22,864,083)	(21,714,924)
GROSS PROFIT		6,650,136	6,362,626
Other income	22	5,645	19,613
TOTAL INCOME		6,655,781	6,382,239
EXPENSES			
Administration, selling and general expenses	23	1,208,030	864,453
Finance charges	24	701,019	390,545
Depreciation	4	643,364	639,383
		2,552,413	1,894,381
Net profit for the year		4,103,368	4,487,858

The notes on pages 89 to 95 form part of these financial statements.

Statement of Changes in Shareholders' Funds for the year ended 31 March 2012

Year to 31 March 2012	Share capital AED	Shareholders' current accounts AED	Retained earnings AED	Reserve fund AED	Total AED
Balance at 1 April 2011	150,000	16,890,500	11,850,575	75,000	28,966,075
Net profit for the year	-	-	4,103,368	-	4,103,368
Net movements in current accounts	-	1,857,500	-	-	1,857,500
Balance at 31 March 2012	150,000	18,748,000	15,953,943	75,000	34,926,943
Year to 31 March 2011	Share capital AED	Shareholders' current accounts AED	Retained earnings AED	Reserve fund AED	Total AED
Balance at 1 April 2010	150,000	14,134,250	7,362,717	75,000	21,721,967
Net profit for the year	-	-	4,487,858	-	4,487,858
Net movements in current accounts	-	2,756,250	-	-	2,756,250
Balance at 31 March 2011	150,000	16,890,500	11,850,575	75,000	28,966,075

The notes on pages 89 to 95 form part of these financial statements.

Cash Flow Statement for the year ended 31 March 2012

	2012 AED	2011 AED
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	4,103,368	4,487,858
Adjustment for:		
Depreciation	643,364	639,383
Provision for employees' terminal benefits	18,596	19,368
Loss on sale of property, plant and equipment	45,377	-
Operating profit before working capital changes	4,810,705	5,146,609
Decrease/(increase) in inventories	1,358,731	(1,448,842)
(Increase) in accounts receivable	(7,560,665)	(2,699,582)
Decrease/(increase) in prepayments and other receivables	163,206	(176,372)
(Increase)/decrease in amounts due from related party	(5,677,092)	15,271,959
Increase/(decrease) in accounts payable and accruals	5,405,123	(6,343)
(Decrease)/increase in amounts due to related party	(11,953,579)	3,950,707
Net cash (used in)/from operating activities	(13,453,571)	20,038,136
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(408,883)	(338,869)
(Increase) in investments	-	(2,250,000)
Decrease/(increase) in capital work in progress	56,724	(56,724)
Proceeds from sale of property, plant and equipment	97,000	-
Net cash (used in) investing activities	(255,159)	(2,645,593)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movement in current accounts	1,857,500	2,756,250
Advance towards share application money	-	(27,849,627)
Increase/(decrease) in term loans	40,575	(76,484)
Increase in short term loans	11,760,000	7,717,500
Net cash from/(used in) financing activities	13,658,075	(17,452,361)
Net (decrease) in cash and cash equivalents	(50,655)	(59,818)
Cash and cash equivalents at beginning of the year	92,086	151,904
Cash and cash equivalents at end of the year	41,431	92,086

The notes on pages 89 to 95 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2012

1 LEGAL STATUS AND ACTIVITY :

Legal Status : Golden Harvest Middle East (FZC) (the "Company") is a Free Zone Company with limited liability incorporated and licensed at Sharjah Airport International Free (SAIF) Zone, Sharjah pursuant to Sharjah Emiri Decree No 2 of 1995. The Company is operating under Industrial License No 03-04-03146 issued on 12 July 2005 by SAIF Zone Authorities.

Activity : The principal activity of the Company is manufacturing organic and chemical fertilizers. The principal place of the business of the Company is located at P3-04, Sharjah Airport International Free Zone, Sharjah, United Arab Emirates. These separate financial statements relates to the operations of Golden Harvest Middle East (FZC) and do not include the results of operations of its subsidiary Company M/s Amarak Chemicals FZC, Fujairah, United Arab Emirates.

Shareholding pattern : The shareholding pattern of the Company at end of the year under review was as follows:-

	Name of the shareholder	Nationality	No of shares	Value of shares AED
1)	M/s Aries Agro Limited	Indian	1,125	112,500
2)	Dr. Rahul Mirchandani	Indian	180	18,000
3)	Dr. Jimmy Mirchandani	Indian	98	9,800
4)	Mr. Akshay Mirchandani	Indian	94	9,400
5)	Mr. Chalakudi Subramani Shankaranarayan	Indian	3	300
	Total		1,500	150,000

Management : As per license issued by SAIF Zone Authorities, Chalakudi Subramani Shankaranarayan and Mr. Akshay Mirchandani has been appointed as Managers of the Company.

Accounting period : These financial statements relate to the twelve months period from 1 April 2011 to 31 March 2012.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New standards, interpretations and amendments effective from 1 January 2011

The following interpretations of published standards are mandatory for accounting periods beginning on or after 1 January 2011 but are not relevant to the Company's operations:

IAS 24	Related party disclosure (as revised in 2009).
IAS 32	Classification of right issues (effective for annual periods beginning on or after 1 February 2010).
IFRS 1	First-time adoption of International Financial Reporting Standards - Limited exemption from comparative IFRS 7 disclosures for First-time adopters (effective 1 July 2010)

IFRIC 14	Prepayments of Minimum Funding Requirement (amendment) (effective 1 January 2011)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)

2.2 New standards, interpretations and amendments not yet effective

Standards, amendments and interpretations issued but not yet effective at the date of authorisation of these financial statements are listed below. The Company intends to adopt those standards when they become effective.

International Accounting Standards (IAS/IFRSs)		Effective date
IAS 1	Financial Statement Presentation - Presentation of Items of Other Comprehensive Income	1-Jul-2012
IAS 12	Income Taxes - Recovery of Underlying Assets	1-Jan-2012
IAS 19	Employee Benefits (Amendment)	1-Jan-2013
IAS 27	Separate Financial Statements (as revised in 2011)	1-Jan-2013
IAS 28	Investments in Associates and Joint Ventures (as revised in 2011)	1-Jan-2013
IFRS 7	Financial Instruments : Disclosures - Enhanced Derecognition Disclosure Requirements	1-Jan-2013
IFRS 9	Financial Instruments : Classification and Measurement	1-Jan-2013
IFRS 10	Consolidated Financial Statements	1-Jan-2013
IFRS 11	Joint Arrangements	1-Jan-2013
IFRS 12	Disclosure of Interest in Other Entities	1-Jan-2013
IFRS 13	Fair Value Measurement	1-Jan-2013

These amendments are not likely to have any significant impact on the financial position or financial performance of the Company.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to the operations of the Company.

The accounting policies adopted have been consistently applied in dealing with items considered material to the Company's financial statements.

Basis of measurement

The financial statements are prepared under the historical cost convention, modified to incorporate changes to the carrying values of investments as described in note 5 to the financial

Notes to the Financial Statements for the year ended 31 March 2012

statements and to the carrying values of property, plant, and equipment as described in note 4 to the financial statements.

3.2 Significant accounting policies

a Property, plant and equipment

Property, plant and equipment are initially recorded at cost together with any incidental expenses of acquisition or construction. Subsequently they are stated at cost less accumulated depreciation and accumulated impairment losses.

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the income statement. Improvements are capitalized and depreciated over their expected useful lives.

b Depreciation

The cost of property, plant and equipment is depreciated by equal annual installments over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Building	20 years
Machineries	10 years
Equipment	5 years
Office furniture	5 years
Motor vehicle	4 years

c Employees' terminal benefits

Provision is made for employees' terminal benefits on the basis prescribed under the U.A.E Labour Law based on employees' salaries and number of years of service. The terminal benefits are paid to employees on termination or completion of their term of employment. Accordingly, the Company has no expectation of settling its employees' terminal benefits obligation in the near future.

d Foreign currencies

Functional and presentation currency

The financial statements are presented in UAE Dirham (AED), which is the Company's functional and presentation currency.

Transaction and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the income statement.

e Accounts receivable

Accounts receivable originated by the Company are measured at cost. An allowance for credit losses of accounts receivable is established when there is objective evidence that the Company will not be able to collect the amounts due. Indicators that the accounts receivable are impaired include consistent default in the payments when due, financial difficulties of the

customer and other indicators. When an accounts receivable is considered uncollectible, it is written off against the allowance account for credit losses. Subsequent recoveries of amounts previously written off are credited in the statement of income. The carrying value of accounts receivable approximate to their fair value due to the short term nature of those receivables.

f Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

g Finance charges

Finance charges that are directly attributable to the acquisition and constructing of property and equipment are capitalized as part of the cost of those assets. Other finance charges are recognized as an expense in the period in which they are incurred.

h Cash and cash equivalents

Cash and cash equivalents consist of unrestricted cash and bank balances.

i Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

j Borrowing costs

Borrowing costs that are directly attributable to the acquisition and constructing of property and equipment are capitalized as part of the cost of those assets. Other borrowing costs are recognised as an expense in the year in which they are incurred.

k Impairment

Financial assets

At each balance sheet date, the Company assesses if there is any objective evidence indicating impairment of financial assets or non collectability of receivables.

An impairment loss, if any, arrived at as a difference between the carrying amount and the recoverable amount, is recognized in the statement of income. The recoverable amount represents the present value of expected future cash flows discounted at original effective interest rate. Cash flows relating to short term receivables are not discounted.

Non financial assets

At each balance sheet date, the Company assesses if there is any indication of impairment of non financial assets. If an indication exists, the Company estimates the recoverable amount of the asset and recognizes an impairment loss in the statement of income. The Company also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognized immediately in the statement of income.

Notes to the Financial Statements for the year ended 31 March 2012

I Investments

Associates

An entity over which the Company exercises significant management influence but not control is classified as an associate and is accounted for using the equity method.

Under the equity method, the investments are initially recorded at cost and the carrying amount is subsequently adjusted to recognize the investor's share profits or losses of the investee company after the acquisition date. Distributions received from the investee company are deducted from the carrying value of the investments.

m Financial liabilities

All financial liabilities are initially measured at cost and are subsequently measured at amortized cost.

n Sales

Sales represents the invoiced value of goods sold during the year less returns and discounts. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

o Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from the past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognized but are disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as provision.

A contingent asset is a possible asset that arises from past events and whose existence 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. Contingent assets are not recognized but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When an inflow is virtually certain, an asset is recognized.

3.3 Significant accounting estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of accounts receivable and amounts due from related parties

An estimate of the collectible amount of trade accounts receivable and amounts due from related parties are made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected to be collected will be recognized in the income statement.

4 PROPERTY, PLANT AND EQUIPMENT

Movement in property, plant and equipment are given on page number 95.

Motor vehicles purchased under financing arrangements are subject to a charge.

5 INVESTMENTS

(Un-quoted at cost)

At the balance sheet date, the Company had investment in the associate company mentioned in (i) below in accordance with the terms and conditions of the Memorandum and Articles of Associations of the associate company. The associate company is in the process of setting up a manufacturing facility and has not commenced commercial operations at the balance sheet date. The amendment of the statutory records of the associate Company maintained by the Hamriyah Free Zone Authority to reflect the above investment is under progress.

The Company had also invested in a subsidiary Company mentioned in (ii) below.

				Value	
	Name of associate/ subsidiary	Activity	% of holding	2012 AED	2011 AED
(i)	Mapco Fertilizer Industries FZC, Hamriyah Free Zone, Sharjah (25 shares of AED 48,000)	Manufacture of chemical fertilizers	25%	1,200,000	1,200,000
(ii)	Amarak Chemicals FZC, Fujairah Free Zone, Fujairah (15,000 shares of AED 150)	Manufacture of chemical fertilizers	75%	2,250,000	2,250,000
				3,450,000	3,450,000

Notes to the Financial Statements for the year ended 31 March 2012

6. CAPITAL WORK IN PROGRESS

	2012 AED	2011 AED
Beginning balance	56,724	-
Additions during the year	-	56,724
Transferred to property, plant and equipment	(56,724)	-
Ending balance	-	56,724

7 INVENTORIES

INVENTORIES	2012 AED	2011 AED
Raw materials	4,576,557	4,902,802
Finished goods	1,719,617	2,760,758
Packing materials	30,779	22,124
	6,326,953	7,685,684

8 ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLE	2012 AED	2011 AED
Accounts receivable	10,410,247	2,849,582
	10,410,247	2,849,582

- (i) At the balance sheet date 99% net accounts receivable (2011- 95%) are due from 3 customers (2011 -from 2 customers).
- (ii) The aging analysis of the accounts receivable are as follows:

	2012 AED	2011 AED
Due for less than 6 months	10,410,247	2,699,582
Due for more than 6 months	-	150,000
	10,410,247	2,849,582

- (iii) Accounts receivable are considered collectible based on historic experience.

9 PREPAYMENTS AND OTHER RECEIVABLES

	2012 AED	2011 AED
Prepayments	100,946	113,587
Deposits	47,500	50,350
Advance to suppliers	-	175,033
Loans and advances	27,318	-
	175,764	338,970

10 RELATED PARTY TRANSACTIONS

The Company has in the ordinary course of business, entered into trading, financial and service transactions with concerns, in which the shareholders/directors/manager of the branch and/or their relatives have an investing/controlling interest. Certain related parties have issued guarantees to the bank for the facilities granted to the Company.

The prices and terms of these transactions were approved by the management and considered comparable to those charged

by third parties. Amounts due from/to related parties do not attract interest and are payable on demand.

Amount due from related parties	2012 AED	2011 AED
MAPCO Fertilizers	3,013,030	2,800,282
Amarak Chemicals FZC, Fujairah	18,482,647	13,018,303
	21,495,677	15,818,585
Amount due to related parties	2012 AED	2011 AED
Aries Agro Limited	14,521,865	26,445,762
Mirabelle Holdings	267,164	296,846
	14,789,029	26,742,608

The volumes of related party transactions during the year were as follows:-

	2012 AED	2011 AED
Sales	12,400,369	10,080,010
Purchases	3,545,420	6,024,355
Finance charges	173,481	176,819
Key management compensation (including Director's emoluments)		
	2012 AED	2011 AED
Directors remuneration	320,966	84,000
	320,966	84,000

11 ADVANCE TOWARDS SHARE APPLICATION MONEY

This represents amount paid to the subsidiary Company, Amarak Chemicals FZC, Fujairah Free Zone towards advance for allotment of shares.

12 CASH AND BANK BALANCES

	2012 AED	2011 AED
Cash in hand	805	1,294
Current account with banks	40,626	90,792
	41,431	92,086

13 SHARE CAPITAL

SHARE CAPITAL	2012 AED	2011 AED
Authorised, issued and paid-up capital (1,500 shares of AED 100 each)	150,000	150,000
	150,000	150,000

14 SHAREHOLDERS' CURRENT ACCOUNTS

Shareholders' current account balances do not attract interest and there are no defined repayment arrangements.

15 RESERVE FUND

This represents reserve created out of profit of the Company in accordance with the provisions of Memorandum and Articles of Association of the Company.

Notes to the Financial Statements for the year ended 31 March 2012

16 PROVISION FOR EMPLOYEES' TERMINAL BENEFITS

The provision for end of service benefits for employees is made in accordance with the requirements of the U.A.E. Labour Laws. This is an unfunded defined benefits retirement plan. Employees are entitled to benefits based on length of service and final remuneration. Accrued employees' terminal benefits are payable on termination of employment. The cost of providing these benefits is charged as an expense on an annual basis and the charge for the year ended 31 March 2012 amounted to AED 18,596.

17 TERM LOANS

TERM LOANS	2012 AED	2011 AED
Motor vehicle loans	156,667	116,092
	156,667	116,092

Installments falling due within 12 months of the balance sheet date - classified as current liabilities.

	2012 AED	2011 AED
Current portion	72,166	73,584
Non - current portion	84,501	42,508

Long term loans represent installments on motor vehicle loans not payable within 12 months of the balance sheet date. Motor vehicle loan taken from finance companies for purchase of motor vehicles are secured by a charge on the motor vehicle purchased under such financing arrangements.

18 ACCOUNTS PAYABLE AND ACCRUALS

	2012 AED	2011 AED
Trade payables	5,445,650	139,532
Accrued expenses	170,706	71,701
	5,616,356	211,233

19 SHORT TERM LOAN

	2012 AED	2011 AED
Bank term loans	19,477,500	7,717,500
	19,477,500	7,717,500

This represents short term loan taken during the year from a financial institution which bears interest at 4.33% per annum. This loan will be repaid within 12 months from the balance sheet date. The above loan is secured by Corporate guarantee of M/s Aries Agro Ltd, Mumbai, the shareholder of the Company.

20 SALES

	2012 AED	2011 AED
Trading	17,114,475	18,013,232
Manufacturing	12,399,744	10,064,318
	29,514,219	28,077,550

21 COST OF SALES

	2012 AED	2011 AED
Opening inventories	7,685,684	6,236,842
Purchases	20,705,044	22,535,697
Direct expenses	800,308	628,069
Less: Closing inventories	(6,326,953)	(7,685,684)
	22,864,083	21,714,924

22 OTHER INCOME

OTHER INCOME	2012 AED	2011 AED
Commission income	-	18,853
Other income	5,645	760
	5,645	19,613

23 ADMINISTRATION, SELLING AND GENERAL EXPENSES

	2012 AED	2011 AED
Salaries and benefits	502,517	276,494
Rent expenses	210,501	221,271
Communication expenses	55,226	33,236
Legal and professional charges	61,531	77,178
Repairs and maintenance	20,972	44,215
Traveling, and conveyance	5,154	40,242
Printing and stationery	5,792	5,415
Insurance charges	26,527	6,041
Other expenses	274,433	160,361
Loss on sale of property, plant and equipment	45,377	-
	1,208,030	864,453

24 FINANCE CHARGES

	2012 AED	2011 AED
Bank charges and interest	15,527	17,698
Loss on currency exchange fluctuation	7,557	23,512
Interest charges	677,935	349,335
	701,019	390,545

Interest charges include AED 173,481 paid to the shareholder of the Company, M/s Aries Agro Ltd, Mumbai.

25 FINANCIAL RISK AND CAPITAL MANAGEMENT**25.1 Financial risk factors**

Financial assets of the Company include cash, bank balances, prepayments, amounts due from related parties and accounts receivable. Financial liabilities include accounts payable, accruals, amounts due to related parties and term loans.

The management believes that the fair values of the financial assets and liabilities approximate to their carrying amounts.

Notes to the Financial Statements for the year ended 31 March 2012

The Company's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance. Under the Company's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. The identified key risks are:

a) Currency risk

The majority of the Company's financial assets and financial liabilities are either denominated in local currency (AED) or currencies fixed to the AED. Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weakens or strengthens against the AED with all over variables held constant.

b) Interest rate risk

The Company's interest rate risk arises from term loans. The interest rates on term loans are at commercial rates negotiated with banks and are largely subject to regular revision.

Although the Company is exposed to interest rate risk the Board of Directors consider that the impact of interest rate will not be material to the results of operations.

c) Credit risk

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally bank balances, amounts due from related parties and accounts receivable. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on accounts receivable and amounts due from related parties are subjected to credit evaluations and an allowance has been made for estimated irrecoverable amounts. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Company is not exposed to any significant concentration of credit risk because its exposure is spread over financial institutions and a large number of customers.

d) Liquidity risk

The Company manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Company maintains good working relations with its banks and ensures compliance with the covenants as stipulated in facility agreements.

25 FINANCIAL RISK AND CAPITAL MANAGEMENT

25.2 Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Company manages the shareholders' funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the shareholders' funds, the Company may adjust the amount of dividends paid to shareholders, return funds to shareholders, issue new shares, or sell assets to reduce its exposure to debt.

26 CAPITAL COMMITMENTS

There were no material capital commitments at the balance sheet date.

27 CONTINGENT LIABILITIES

There are no material contingent liabilities at the balance sheet date.

28 SEGMENT REPORTING

The Company does not have distinguishable business segments. However the geographical distribution of revenues are set out as follows.

	2012 AED	2011 AED
United Arab Emirates	109,626	5,789,042
Other countries:		
India	12,400,369	22,288,508
Kenya	7,105,612	-
Oman	7,105,612	-
Egypt	2,793,000	-
	29,514,219	28,077,550

29 COMPARATIVE FIGURES

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.

30 LEVEL OF PRECISION

All figures are rounded off to nearest Dirhams (AED).

Notes to the Financial Statements for the year ended 31 March 2012

4. PROPERTY, PLANT AND EQUIPMENT

	Building	Machineries	Equipments	Office furniture	Motor vehicles	Total
	AED	AED	AED	AED	AED	AED
Cost:						
at 1 April 2011	2,695,473	4,079,123	48,489	54,752	347,131	7,224,968
additions during the year	-	160,423	15,159	-	233,301	408,883
disposals during the year	-	-	-	-	(238,931)	(238,931)
at 31 March 2012	2,695,473	4,239,546	63,648	54,752	341,501	7,394,920
Depreciation:						
at 1 April 2011	321,005	973,951	31,089	36,836	191,162	1,554,043
charge for the year	134,774	415,515	11,165	10,950	70,960	643,364
on disposals	-	-	-	-	(96,554)	(96,554)
at 31 March 2012	455,779	1,389,466	42,254	47,786	165,568	2,100,853
Net book values:						
at 31 March 2012	2,239,694	2,850,080	21,394	6,966	175,933	5,294,067
at 31 March 2011	2,374,468	3,105,172	17,400	17,916	155,969	5,670,925

AUDITOR'S REPORT

FRG/04/043/991(2)/12

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of **Amarak Chemicals FZC**, ("the Company") Fujairah Free Zone, Fujairah, United Arab Emirates which comprise the balance sheet as at 31 March 2012, the income statement, statement of changes in shareholders' funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of **Amarak Chemicals FZC**, Fujairah Free Zone, Fujairah, United Arab Emirates as of 31 March 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

FRG CHARTERED ACCOUNTANTS

Habib Darwish Al Rahma

Registration No. 342

Place : Dubai

Date : April 23, 2012

Balance Sheet as at 31 March 2012

	Notes	2012 AED	2011 AED
ASSETS			
Non-current assets			
Property, plant and equipment	4	39,135,176	42,283,206
Total non-current assets		39,135,176	42,283,206
Current assets			
Inventories	5	11,181,332	11,784,167
Accounts receivable	6	2,943,969	5,521,247
Deposits, advances and prepayments	7	7,364,933	862,480
Cash and bank balances	8	161,701	576,347
Total current assets		21,651,935	18,744,241
TOTAL ASSETS		60,787,111	61,027,447
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	9	3,000,000	3,000,000
Shareholders' current accounts	10	6,535,454	6,415,875
Accumulated (losses)		(1,236,449)	(742,767)
Total shareholders' equity		8,299,005	8,673,108
Share application money	11	27,849,627	27,849,627
Total shareholders' funds		36,148,632	36,522,735
Non Current liabilities			
Provision for employees' terminal benefits	12	53,791	33,263
Term loans - non current portion	13	162,968	159,629
Total non -current liabilities		216,759	192,892
Current liabilities			
Accounts payable and accruals	14	5,811,245	6,508,051
Short term loan from related party	15	11,356,600	13,018,303
Amounts due to related parties	16	7,148,887	4,723,294
Term loans - current portion	13	104,988	62,172
Total current liabilities		24,421,720	24,311,820
Total liabilities		24,638,479	24,504,712
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		60,787,111	61,027,447

The notes on pages 100 to 106 form part of these financial statements.

For Amarak Chemicals FZC

Director

Place : Fujairah

Date : 23.04.2012

Statement of Profit and Loss for the year ended 31 March 2012

	Notes	2012 AED	2011 AED
INCOME			
Sales	17	22,803,625	6,338,456
Cost of sales	18	(13,328,263)	(3,973,369)
GROSS PROFIT		9,475,362	2,365,087
Other income	19	26,479	6,852
TOTAL INCOME		9,501,841	2,371,939
EXPENSES			
Administration and general expenses	20	5,223,391	1,356,582
Finance charges	21	1,149,119	69,987
Depreciation	4	3,623,013	376,799
		9,995,523	1,803,368
Net (loss)/profit for the year		(493,682)	568,571

The notes on pages 100 to 106 form part of these financial statements.

Statement of Changes in Shareholders' Funds for the year ended 31 March 2012

Year to 31 March 2012	Share capital	Shareholders' current accounts	Accumulated (losses)	Total
	AED	AED	AED	AED
Balance at 1 April 2011	3,000,000	6,415,875	(742,767)	8,673,108
Net (loss) for the year	-	-	(493,682)	(493,682)
Net movements in current accounts	-	119,579	-	119,579
Balance at 31 March 2012	<u>3,000,000</u>	<u>6,535,454</u>	<u>(1,236,449)</u>	<u>8,299,005</u>

Year to 31 March 2011	Share capital	Shareholders' current accounts	Accumulated (losses)	Total
	AED	AED	AED	AED
Balance at 1 April 2010	150,000	1,509,336	(1,311,338)	347,998
Additional share capital introduced	2,850,000	-	-	2,850,000
Net profit for the year	-	-	568,571	568,571
Net movements in current accounts	-	4,906,539	-	4,906,539
Balance at 31 March 2011	<u>3,000,000</u>	<u>6,415,875</u>	<u>(742,767)</u>	<u>8,673,108</u>

The notes on pages 100 to 106 form part of these financial statements.

Cash Flow Statement for the year ended 31 March 2012

	2012 AED	2011 AED
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/profit for the year	(493,682)	568,571
Adjustment for:		
Depreciation	3,623,013	376,799
Provision for employees' terminal benefits	20,528	16,707
(Profit) on sale of property, plant and equipments	(15,868)	-
Operating profit before working capital changes	<u>3,133,991</u>	<u>962,077</u>
Decrease/(increase) in inventories	602,835	(10,932,646)
Decrease/(increase) in accounts receivable	2,577,278	(5,521,247)
(Increase)/decrease in deposits, advances and prepayments	(6,502,453)	303,289
(Decrease)/increase in accounts payable and accruals	(696,806)	2,755,012
Increase/(decrease) in amounts due to related party	2,425,593	(15,533,773)
Decrease in margin money deposit with banks	-	52,185
Net cash from/(used in) operating activities	<u>1,540,438</u>	<u>(27,915,103)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(508,865)	(42,598,613)
Decrease in capital work in progress	-	35,442,723
Proceeds from sale of property, plant and equipment	49,750	-
Net cash (used in) investing activities	<u>(459,115)</u>	<u>(7,155,890)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional share capital introduced	-	2,850,000
Net movement in current accounts	119,579	4,906,539
Share application money	-	27,849,627
Increase in term loans	46,155	159,048
(Decrease) in short term loan from related party	(1,661,703)	(542,430)
Net cash (used in)/from financing activities	<u>(1,495,969)</u>	<u>35,222,784</u>
Net (decrease)/increase in cash and cash equivalents	(414,646)	151,791
Cash and cash equivalents at beginning of the year	<u>576,347</u>	<u>424,556</u>
Cash and cash equivalents at end of the year	<u>161,701</u>	<u>576,347</u>

The notes on pages 100 to 106 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2012

1 LEGAL STATUS AND ACTIVITY :

Legal status : Amarak Chemicals FZC ("the Company") is a Free Zone Company registered in Fujairah Free Zone in the Emirate of Fujairah with limited liability pursuant to and the Implementing Regulations issued there under by the Fujairah Free Zone Authority. The Company is operating under license No 2084 issued on 9 September 2007 by Fujairah Free Zone Authority, Fujairah.

Activity : The principal activity of the Company is manufacturing of chemicals and fertilizers. The principal place of business of the Company is located at Fujairah Free Zone, Fujairah, United Arab Emirates.

Shareholding pattern : The shareholding pattern of the Company at end of the year under review was as follows:-

	Name of the shareholder	Nationality	No of shares	% of holding
1)	M/s Golden Harvest Middle East (FZC)	UAE	15,000	75.00%
2)	M/s Mirabelle Holding FZC	UAE	3,000	15.00%
3)	Dr. Jimmy Mirchandani	Indian	1,000	5.00%
4)	Mrs. Sarasa Mirchandani	Indian	550	2.75%
5)	Mr. Subramani Shankaranarayan Chalakudi	Indian	50	0.25%
6)	Mr. Akshay Mirchandani	Indian	400	2.00%
	Total		20,000	100.00%

Management : As per the license issued by Fujairah Free Zone Authority, Subramani Shankaranarayan Chalakudi and Mr. Akshay Mirchandani has been appointed as Directors of the Company.

Accounting period : These financial statements relate to the period from 1 April 2011 to 31 March 2012.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New standards, interpretations and amendments effective from 1 January 2011

The following interpretations of published standards are mandatory for accounting periods beginning on or after 1 January 2011 but are not relevant to the Company's operations :

IAS 24	Related party disclosure (as revised in 2009).
IAS 32	Classification of right issues (effective for annual periods beginning on or after 1 February 2010).
IFRS 1	First-time adoption of International Financial Reporting Standards - Limited exemption from comparative IFRS 7 disclosures for First-time adopters (effective 1 July 2010)
IFRIC 14	Prepayments of Minimum Funding Requirement (amendment) (effective 1 January 2011)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)

2.2 New standards, interpretations and amendments not yet effective

Standards, amendments and interpretations issued but not yet effective at the date of authorisation of these financial statements are listed below. The Company intends to adopt those standards when they become effective.

International Accounting Standards (IAS/IFRSs)		Effective date
IAS 1	Financial Statement Presentation - Presentation of Items of Other Comprehensive Income	1-Jul-2012
IAS 12	Income Taxes - Recovery of Underlying Assets	1-Jan-2012
IAS 19	Employee Benefits (Amendment)	1-Jan-2013
IAS 27	Separate Financial Statements (as revised in 2011)	1-Jan-2013
IAS 28	Investments in Associates and Joint Ventures (as revised in 2011)	1-Jan-2013
IFRS 7	Financial Instruments : Disclosures - Enhanced Derecognition Disclosure Requirements	1-Jan-2013
IFRS 9	Financial Instruments : Classification and Measurement	1-Jan-2013
IFRS 10	Consolidated Financial Statements	1-Jan-2013
IFRS 11	Joint Arrangements	1-Jan-2013
IFRS 12	Disclosure of Interest in Other Entities	1-Jan-2013
IFRS 13	Fair Value Measurement	1-Jan-2013

These amendments are not likely to have any significant impact on the financial position or financial performance of the Company.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to the operations of the Company.

The accounting policies adopted have been consistently applied in dealing with items considered material to the Company's financial statements.

Notes to the Financial Statements for the year ended 31 March 2012

Basis of measurement

The financial statements are prepared under the historical cost convention, modified to incorporate changes to the carrying values of investments as described in note 5 to the financial statements and to the carrying values of property, plant, and equipment as described in note 4 to the financial statements.

3.2 Significant accounting policies

a Property, plant and equipment

Property, plant and equipment are initially recorded at cost together with any incidental expenses of acquisition or construction. Subsequently they are stated at cost less accumulated depreciation and accumulated impairment losses.

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the income statement. Improvements are capitalized and depreciated over their expected useful lives.

3.2 Significant accounting policies (continued)

b Depreciation

The cost of property, plant and equipment is depreciated by equal annual installments over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Building	20 years
Machinery	10 years
Furniture, fixture and office equipment	5 years
Motor vehicle	4 years

c Inventories

Inventories have been valued at lower of cost and net realisable value, after making due allowance for any obsolete and slow moving items. Cost is determined by weighted average method. Net realisable value is determined on estimated selling price less any estimated cost of disposal.

d Accounts receivable

Accounts receivable originated by the Company are measured at cost. An allowance for credit losses of accounts receivable is established when there is objective evidence that the Company will not be able to collect the amounts due. Indicators that the accounts receivable are impaired include consistent default in the payments when due, financial difficulties of the customer and other indicators. When an accounts receivable is considered uncollectible, it is written off against the allowance account for credit losses. Subsequent recoveries of amounts previously written off are credited in the statement of income. The carrying value of accounts receivable approximate to their fair value due to the short term nature of those receivables.

e Foreign currencies

Functional and presentation currency

The financial statements are presented in UAE Dirham (AED), which is the Company's functional and presentation currency.

Transaction and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the income statement.

f Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

g Finance charges

Finance charges that are directly attributable to the acquisition and constructing of property and equipment are capitalized as part of the cost of those assets. Other finance charges are recognized as an expense in the period in which they are incurred.

h Cash and cash equivalents

Cash and cash equivalents consist of unrestricted cash and bank balances.

i Employees' terminal benefits

Provision is made for employees' terminal benefits on the basis prescribed under the U.A.E Labour Law based on employees' salaries and number of years of service. The terminal benefits are paid to employees on termination or completion of their term of employment.

j Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements for the year ended 31 March 2012

k Financial liabilities

All financial liabilities are initially measured at cost and are subsequently measured at amortized cost.

l Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from the past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognized but are disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as provision.

A contingent asset is a possible asset that arises from past events and whose existence 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. Contingent assets are not recognized but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When an inflow is virtually certain, an asset is recognized.

3.3 Significant accounting estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected to be collected will be recognized in the income statement.

4 PROPERTY, PLANT AND EQUIPMENT

	Building	Machineries	Furniture, fixtures and office equipments	Motor vehicles	Total
	AED	AED	AED	AED	AED
Cost:					
at 1 April 2011	14,319,269	27,982,702	137,142	229,000	42,668,113
additions during the year	182,350	227,091	6,424	93,000	508,865
disposals during the year	-	-	-	(69,500)	(69,500)
at 31 March 2012	14,501,619	28,209,793	143,566	252,500	43,107,478
Depreciation:					
at 1 April 2011	74,028	279,829	2,836	28,214	384,907
charge for the year	718,872	2,815,859	28,474	59,808	3,623,013
on disposals	-	-	-	(35,618)	(35,618)
at 31 March 2012	792,900	3,095,688	31,310	52,404	3,972,302
Net book values:					
at 31 March 2012	13,708,719	25,114,105	112,256	200,096	39,135,176
at 31 March 2011	14,245,241	27,702,873	134,306	200,786	42,283,206

Motor vehicles purchased under financing arrangements are subject to a charge.

Notes to the Financial Statements for the year ended 31 March 2012

5 INVENTORIES

	2012 AED	2011 AED
Raw materials	8,481,981	10,666,600
Finished goods	2,254,700	1,056,122
Packing materials	436,170	61,445
Consumables	8,481	-
	<u>11,181,332</u>	<u>11,784,167</u>

6 ACCOUNTS RECEIVABLE

	2012 AED	2011 AED
Accounts receivable	2,943,969	5,521,247
	<u>2,943,969</u>	<u>5,521,247</u>

(i) At the balance sheet date net accounts receivable (2011 - 100%) is due from one customer (2011 - 1 customer).

(ii) The aging analysis of the accounts receivable are as follows:

	2012 AED	2011 AED
Due for less than 6 months	2,943,969	5,521,247
Due for more than 6 months	-	-
	<u>2,943,969</u>	<u>5,521,247</u>

(iii) Accounts receivable are considered collectible based on historic experience.

7 DEPOSITS, ADVANCES AND PREPAYMENTS

	2012 AED	2011 AED
Prepayments	1,563,449	670,532
Deposits	219,433	84,533
Advance to suppliers	5,557,247	66,805
Staff advance	-	783
Deferred interest on motor vehicle loan	24,804	39,827
	<u>7,364,933</u>	<u>862,480</u>

8 CASH AND BANK BALANCES

	2012 AED	2011 AED
Cash in hand	1,593	3,574
Current account with banks	160,108	572,773
	<u>161,701</u>	<u>576,347</u>

9 SHARE CAPITAL

	2012 AED	2011 AED
Authorised, issued and paid-up capital (20,000 shares of AED 150 each)	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>

10 SHAREHOLDERS' CURRENT ACCOUNTS

Shareholders' current account balances do not attract interest and there are no defined repayment arrangements.

Notes to the Financial Statements for the year ended 31 March 2012

11 SHARE APPLICATION MONEY

Share application money represents amount received from Golden Harvest Middle East FZC, Sharjah Airport International Free Zone, United Arab Emirates, a shareholder of the Company towards advance for allotment of shares of the Company.

12 PROVISION FOR EMPLOYEES' TERMINAL BENEFITS

The provision for end of service benefits for employees is made in accordance with the requirements of the U.A.E. Labour Laws. This is an unfunded defined benefits retirement plan. Employees are entitled to benefits based on length of service and final remuneration. Accrued employees' terminal benefits are payable on termination of employment. The cost of providing these benefits is charged as an expense on an annual basis and the charge for the year ended 31 March 2012 amounted to AED 20,528.

13 TERM LOANS

	2012 AED	2011 AED
Motor vehicle loan	267,956	221,801
	<u>267,956</u>	<u>221,801</u>

Installments falling due within 12 months of the balance sheet date - classified as current liabilities.

Current portion	104,988	62,172
Non current - portion	<u>162,968</u>	<u>159,629</u>

Long term loans represent installments on motor vehicle loan not payable within 12 months of the balance sheet date. Motor vehicle loan taken from finance companies for purchase of motor vehicle is secured by a charge on the motor vehicle purchased under such financing arrangements.

14 ACCOUNTS PAYABLE AND ACCRUALS

	2012 AED	2011 AED
Accounts payable	2,313,038	3,089,200
Accrued expenses	177,394	111,351
Other payables	3,307,500	3,307,500
Advance from customers	13,313	-
	<u>5,811,245</u>	<u>6,508,051</u>

15 SHORT TERM LOAN FROM A RELATED PARTY

This represents short term, unsecured loan taken from M/s Golden Harvest Middle East FZC, Sharjah United Arab Emirates, the shareholder of the Company which bears interest at bank rates and are repayable on demand.

16 RELATED PARTY TRANSACTIONS

The Company has in the ordinary course of business, entered into trading, financial and service transactions with concerns, in which the shareholders/directors/manager of the branch and/or their relatives have an investing/controlling interest.

The prices and terms of these transactions were approved by the management and considered comparable to those charged by third parties. Amount due to related parties do not attract interest and are payable on demand.

Amounts due to related parties	2012 AED	2011 AED
Golden Harvest Middle East FZC	7,126,047	-
Aries Agro Ltd, Mumbai, India	22,840	4,723,294
	<u>7,148,887</u>	<u>4,723,294</u>

Prices and terms of these transactions were approved by the management and considered comparable with those charged by third parties. The volumes of related party transactions during the year were as follows:-

	2012 AED	2011 AED
Sales	2,067,132	486,938
Purchases	-	14,222
Directors remuneration	294,000	250,000
Salary expenses	<u>332,000</u>	<u>120,000</u>

Notes to the Financial Statements for the year ended 31 March 2012

17 SALES

	2012 AED	2011 AED
Trading	13,166,423	3,031,875
Manufacturing	9,637,202	3,306,581
	<u>22,803,625</u>	<u>6,338,456</u>

18 COST OF SALES

	2012 AED	2011 AED
Opening inventories	11,784,167	851,521
Purchases	10,770,563	12,937,881
Direct expenses	1,954,865	1,968,134
Less: Closing inventories	<u>(11,181,332)</u>	<u>(11,784,167)</u>
	<u>13,328,263</u>	<u>3,973,369</u>

19 OTHER INCOME

	2012 AED	2011 AED
Other income	10,611	6,852
Profit on sale of property, plant and equipment	15,868	-
	<u>26,479</u>	<u>6,852</u>

20 ADMINISTRATION AND GENERAL EXPENSES

	2012 AED	2011 AED
Salaries and benefits	729,862	381,412
Rent expenses	2,727,182	489,438
Communication expenses	126,348	87,332
Legal and professional charges	224,504	53,098
Advertisement and business promotion expenses	12,054	17,420
Insurance charges	113,558	32,791
Clearing and forwarding charges- Export	890,908	-
Office expenses	132,815	27,455
Repairs and maintenance	27,118	17,519
Commission expenses	-	3,500
Vehicle running expenses	81,861	53,949
Visa expenses	11,039	41,886
Miscellaneous expenses	113,189	82,520
Printing and stationery	12,941	7,380
Travelling expenses	6,888	49,041
Water and electricity charges	13,124	11,841
	<u>5,223,391</u>	<u>1,356,582</u>

21 FINANCE CHARGES

	2012 AED	2011 AED
Bank charges	27,665	28,282
Loss on currency exchange fluctuation	33,238	38,544
Interest charges	1,088,216	3,161
	<u>1,149,119</u>	<u>69,987</u>

Notes to the Financial Statements for the year ended 31 March 2012

22 FINANCIAL RISK AND CAPITAL MANAGEMENT

22.1 Financial risk factors

Financial assets of the Company include cash, bank balances, deposits, advances, prepayments and accounts receivable. Financial liabilities include accounts payable, accruals, amounts due to related parties, short term loans and motor vehicle loans.

The management believes that the fair values of the financial assets and liabilities approximate to their carrying amounts.

The Company's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance. Under the Company's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. The identified key risks are:

a) Currency risk

The majority of the Company's financial assets and financial liabilities are either denominated in local currency (AED) or currencies fixed to the AED. Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weakens or strengthens against the AED with all over variables held constant.

b) Interest rate risk

The Company's interest rate risk arises from motor vehicle loans. The interest rates on motor vehicle loans are at commercial rates negotiated with banks and are largely subject to regular revision.

Although the Company is exposed to interest rate risk the Board of Directors consider that the impact of interest rate will not be material to the results of operations.

c) Credit risk

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally bank balances and accounts receivable. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on accounts receivable is subjected to credit evaluations and an allowance has been made for estimated irrecoverable amounts. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Company is not exposed to any significant concentration of credit risk because its exposure is spread over financial institutions and a large number of customers.

d) Liquidity risk

The Company manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Company maintains good working relations with its banks and ensures compliance with the covenants as stipulated in facility agreements.

22.2 Capital Management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Company manages the shareholders' funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the shareholders' funds, the Company may adjust the amount of dividends paid to shareholders, return funds to shareholders, issue new shares, or sell assets to reduce its exposure to debt.

23 COMMITMENTS

Operating lease commitments

Commitments as a lessee under operating leases on land leased from Fujairah Free Zone Authority for a initial period of 10 years.

	2012	2011
	AED	AED
(i) Not later than one year from balance sheet date	192,000	192,000
(ii) 1-5 years post balance sheet date	768,000	768,000
(iii) More than five years post balance sheet date	80,000	272,000
	<u>1,040,000</u>	<u>1,232,000</u>

24 CONTINGENT LIABILITIES

There are no material contingent liabilities at the balance sheet date.

25 COMPARATIVE FIGURES

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.

26 LEVEL OF PRECISION

All figures are rounded off to nearest Dirhams (AED).

NOTICE OF 6th ANNUAL GENERAL MEETING

Notice is hereby given that the Sixth Annual General Meeting of the Members of **ARIES AGRO CARE PRIVATE LIMITED** will be held on Tuesday, 25th September, 2012 at 10.30 AM at the Registered office of the Company at Aries House, Plot No. 24, Deonar, Govandi (East), Mumbai -400 043 to transact the following business:-

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Dr. Rahul Mirchandani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. Kirti D. Shah & Associates, Chartered Accountants, Mumbai, as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

**By Order of the Board
For Aries Agro Care Private Limited**

**Place: Mumbai
Date: 11th July, 2012**

**Dr. Jimmy Mirchandani
Director**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

DIRECTOR'S REPORT

To,
The Members of
Aries Agro Care Private Limited.

Your Directors are pleased to present their Sixth Annual Report together with Audited Statement of Accounts of the Company for the period ended 31st March, 2012.

1. FINANCIAL RESULTS :

During year under review the Company generated a turnover of Rs. 37,39,687/- as against the previous year of Rs. 46,71,128/- . The Company has incurred a loss of Rs. 7,12,827/- as compared to the Loss of Rs. 12,25,983/- in the Previous Year.

2. CURRENT STATUS

In view of the extremely volatile nature of the seeds business, your Directors have temporarily suspended the Seed business.

3. DIVIDEND :

Since the Company has incurred losses your Directors do not recommend any Dividend.

4. DEPOSITS :

The Company has not accepted any Fixed Deposits from the Public.

5. PARTICULARS OF EMPLOYEES :

The Directors are to report that there are no employees who were in receipt of remuneration in excess of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

6. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Since the Company has outsourced the manufacturing activity, report pertaining to conservation of energy and technology absorption are not applicable. For technology absorption, wherever applicable an exclusive group has been constituted for the purpose of technology transfer. During the year there were no Foreign Exchange earning, expenditure or outflow.

7. DIRECTORS:

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Dr. Rahul Mirchandani retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Accordingly his re-appointment forms part of the notice of ensuing AGM.

8. DIRECTORS' REPLY TO OBSERVATIONS / REMARKS MADE IN AUDITORS' REPORT (Para (x) of the Annexure to the Auditors' Report)

The Auditors have in their Audit Report commented that the Company has made cash losses during the year and the

accumulated losses are in excess of 50% of the Paid Up Capital and Free Reserves.

To this the Directors wish to inform that due to extremely volatile nature of the seeds business, the Company has temporarily suspended the Seed business. The Cash losses are due to the same reason.

9. AUDITORS :

M/s. Kirti D. Shah & Associates, Chartered Accountants, the Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

10. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' responsibility statement, it is hereby confirmed that:

1. In preparation of the Annual Accounts, applicable accounting standards have been followed.
2. The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the Annual Accounts on a going concern basis.

11. ACKNOWLEDGEMENT :

Your Directors would like to express their grateful appreciation for the co-operation and assistance received from the HDFC Bank Ltd and other related agencies.

By Order of the Board
For **Aries Agro Care Private Limited**

Dr. Jimmy Mirchandani
Director

Dr. Rahul Mirchandani
Director

Place : Mumbai
Date : 11th July, 2012

AUDIT REPORT TO THE SHARE HOLDERS OF ARIES AGRO CARE PVT.LTD.

- i. We have audited the attached Balance sheet of **ARIES AGRO CARE PRIVATE LIMITED**, as at 31st March, 2012. These financial statements are responsibility of the company management. Our responsibility is to express an opinion on these financial statements based on our audit.
- ii. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes
- (a) examining, on a test basis, evidence to support the financial statement amounts and disclosures in the financial statement
 - (b) assessing the accounting principles used in the preparation of financial statements
 - (c) assessing significant estimates made by the management in the preparation of the financial statements and
 - (d) Evaluating overall financial statement presentation.
- We believe that our audit provides a reasonable basis for our opinion
- iii. As required by the companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- iv. Further, we report that:
- a. We have 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 accounts as required by law, have been kept by the Company so far as appears from our examination of the books of the Company;
 - c. The Balance Sheet, Statement of Profit & Loss and Cash Flow statement referred to in this report are in agreement with the books of accounts of the Company
 - d. On the basis of written representations received from the directors, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director u/s 274(l)(g) of Companies Act, 1956;
 - e. In our opinion, the Balance Sheet dealt with by this report comply with all material respects with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - f. The company is not a sick company within the meaning of section 3(1)(o) of the SICA Act, 1985. Hence there is no question of payment of cess as required under section 441 A of Companies Act, 1956;
 - g. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Statement of Profit and Loss and the Cash Flow statement, together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
 - ii. In the case of the Statement of Profit and Loss, of the Loss of the Company for the period ended on that date
 - iii. in the case of the Cash Flow statement, of the cash flows of the Company for the period ended on that date.

For Kirti D. Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D. Shah
Proprietor
Membership No. 32371

Place : Mumbai
Date : 11/07/2012

ANNEXURE TO THE AUDITORS' REPORT

(This is the Annexure referred to in our Report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- i. a. The company does not have any Fixed assets hence Clause (i) of the said order is not applicable to the Company.
- b. The company does not have any Fixed assets hence the question of physical verification & material discrepancies of the same does not arise.
- c. No parts of fixed assets have been disposed off during the period, which will affect its status as going concern.
- ii. a. There are no inventories during the year hence the question of physical verification by the management at reasonable intervals does not arise.
- b. The company does not have any inventories so the maintenance of records of inventory does not arise.
- iii. a. The company has taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 10,349,327/- (Previous Year Rs. 12,204,327/-) and closing balance as on 31/03/2012 is Rs. 5,334,935/- (Previous Year Rs. 10,349,327/-)

The Company has not given any advances to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

- b. As per information and explanation provided to us, the company has not granted any loans, hence the question whether such loans and advances given to Companies, Firms or Other Parties listed in the Register maintained under section 301 are, prima facie, prejudicial to the interest of the Company or not does not arise.
- c. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable
- d. As per the information given by the management, in case of overdue amount of more than Rs.1.00 lakh, the reasonable steps have been taken by the company for recovery of the principal and Interest.
- iv. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
- v. a. According to the information and explanation provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the Register maintained under section 301 have been so entered.
- b. The transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 and exceeding value of Rupees Five Lakhs in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted deposits from the public. Hence, the question of complying the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under, where applicable, does not arise.
- vii. The paid up capital and reserve and surplus does not exceed 50 lakhs as at the commencement of the financial year concerned or average annual turnover does not exceed 5 crore rupee for a period of three consecutive financial year immediately preceding the financial year concerned. Accordingly applicability of internal audit does not arise.
- viii. The provisions of related maintenance of the cost records prescribed by the Central Government under section 209 (1) (d) of the Act are not applicable to the company.
- ix. a. The company where applicable is regular in depositing statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues.
- b. There is no disputed liability in respect of tax dues on account of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess etc.
- x. As the company is registered for a period less than five years, the provisions of clause (x) of Companies Auditor Report Order, 2003 are not applicable to Company. **However during the year under audit the Company has incurred cash losses of Rs. 2.41 lakhs and its accumulated losses are in excess of 50% of its paid up capital and free reserves.**
- xi. The company has not defaulted in repayment of dues to a financial institution or bank. The Company has not obtained any borrowings by way of debenture.
- xii. According to the records of the company, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Aries Agro Care Private Limited

- xiii. The company is not a chit fund, Nidhi or mutual benefit fund/society.
- xiv. The company is not dealing or trading in shares, securities, debentures and other investments. The shares held by the Company have been held by the Company in its own name.
- xv. The company has not given any guarantee for loans taken by others from Banks or financial institutions.
- xvi. The company has not taken any term loans during the year under audit.
- xvii. The funds raised on short-term basis have not been used for long term investment and vice versa.
- xviii. According to the records of the Company and the information and explanation provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix. The Company has not issued any debentures hence the clause XIX of the said order is not applicable to the company.
- xx. The Company has not raised any Capital during the year and hence the question whether the management has disclosed the end use of money raised by public issues and whether the same has been verified by us or not does not arise.
- xxi. During the checks carried out by us, any fraud on or by the Company has not been noticed or reported during the period under report.

For Kirti D Shah & Associates
Firm Registration No.:- 115133W

Chartered Accountants
Kirti D. Shah
Proprietor
Membership No. 32371

Place: Mumbai
Date: 11/07/2012

Balance Sheet as at 31st March, 2012

Particulars	Note No.	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	100,000	100,000
(b) Reserves and Surplus	4	(1,987,939)	(896,284)
		(1,887,939)	(796,284)
(2) Current Liabilities			
(a) Short Term Borrowings	5	5,334,935	10,352,223
(b) Trade Payables	6	116,106	629,993
(c) Other Current Liabilities	7	208,161	160,556
		5,659,202	11,142,772
TOTAL		3,771,263	10,346,488
II. ASSETS			
(1) Non-Current Assets			
(a) Unamortised Expenses	8	251,844	503,687
(b) Deferred Tax Assets (Net)	9	-	378,828
		251,844	882,515
(2) Current Assets			
(a) Inventories	10	-	3,878,684
(b) Trade Receivables	11	-	2,072,589
(c) Cash & Cash Equivalents	12	128,334	121,615
(d) Short Term Loans and Advances	13	3,391,085	3,391,085
		3,519,419	9,463,973
TOTAL		3,771,263	10,346,488
<i>Significant Accounting Policies & The Notes to Accounts 1 to 29 form part of these Financial Statements</i>			

As per our report of even date
For Kirti D Shah & Associates

Firm Registration No. 115133W

Chartered Accountants

Kirti D Shah

Proprietor Membership No 32371

For and on behalf of the Board
Dr. Jimmy Mirchandani

Director

Dr. Rahul Mirchandani

Director

Place : Mumbai.

Date : 11/07/2012.

Statement of Profit and Loss for the year ended 31st March 2012

Particulars	Note No.	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
I. Revenue from Operations	14	3,657,809	4,546,550
II. Other Income	15	81,878	124,578
III. Total Revenue (I + II)		3,739,687	4,671,128
IV. Expenses :			
(a) Cost of Sales (Traded Goods)	16	3,878,684	5,084,588
(b) Employee Benefits Expense	17	-	76,531
(c) Finance Costs	18	-	7,164
(d) Depreciation & Amortization Expenses	19	251,843	251,843
(e) Other Expenses	20	321,987	476,986
Total Expenses		4,452,514	5,897,111
V. Profit Before Tax (PBT) - (III - IV)		(712,827)	(1,225,983)
VI. Provision for Taxation			
(i) Tax Expense			
Deferred Tax		378,828	(378,828)
		378,828	(378,828)
VII. Profit after Tax (PAT) - (V - VI)		(1,091,655)	(847,155)
Less :- Short Provision for Tax in Earlier Years		-	(321)
VIII. Profit / (Loss) for the period (PAT) - (V - VI)		(1,091,655)	(846,834)
IX. Earnings per Equity Share			
Basic & Diluted	21	(109.17)	(84.68)
Significant Accounting Policies & The Notes to Accounts 1 to 29 form part of these Financial Statements			

As per our report of even date

For Kirti D Shah & Associates

Firm Registration No. 115133W

Chartered Accountants

Kirti D Shah

Proprietor Membership No 32371

For and on behalf of the Board

Dr. Jimmy Mirchandani

Director

Dr. Rahul Mirchandani

Director

Place : Mumbai.

Date : 11/07/2012.

Statement of Cash Flows for the year ended 31st March, 2012

(Rupees in Lakhs)

Sr. No.	Particulars	2011-12	2010-11
A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax as per Profit and Loss Account	(7.13)	(12.26)
	Adjusted for :		
	Depreciation and Amortisation Expenses	2.52	2.52
	Interest Income	(0.06)	-
	Finance cost	-	0.05
		2.46	2.57
	Operating Profit before Working Capital Changes	(4.67)	(9.69)
	Adjusted for :		
	Trade Receivable	20.73	(8.79)
	Inventories	38.79	75.82
	Trade Payable	(5.14)	(24.85)
	Other Payable	0.48	(15.60)
		54.85	26.58
	Cash Generated from Operations,	50.18	16.89
	Net Cash from Operating Activities	50.18	16.89
B)	CASH FLOW FROM INVESTING ACTIVITIES :		
	Movement in Long Term Loans and Advances	-	0.01
	Interest Income	0.06	-
	Net Cash (used in) Investing Activities	0.06	0.01
C)	CASH FLOW FROM FINANCIAL ACTIVITIES:		
	Short Term Borrowings (Net)	(50.17)	(18.55)
	Interest Paid	-	(0.05)
	Net Cash (used in) / from financing activities	(50.17)	(18.60)
	Net Increase in Cash and Cash Equivalents	0.07	(1.71)
	Opening Balance of Cash and Cash Equivalents	1.22	2.92
	Closing Balance of Cash and Cash Equivalents	1.28	1.22

As per our report of even date
For Kirti D Shah & Associates

Firm Registration No. 115133W

Chartered Accountants

Kirti D Shah

Proprietor Membership No 32371

For and on behalf of the Board
Dr. Jimmy Mirchandani

Director

Dr. Rahul Mirchandani

Director

Place : Mumbai.

Date : 11/07/2012.

Notes to the Financial Statements for the year ended 31st March, 2012

1. Corporate Information

Aries Agro Care Private Limited was incorporated in January, 2007 as a Wholly Owned Subsidiary of Aries Agro Limited for carrying business in the Branches of agro protection, agro and seeds etc.

2. Basis of preparation

- i) The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards, notified by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out.
- ii) The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in accounting policy as explained in 2.1(a) (i) below.

2.1 Summary of significant accounting policies

A. (i) Change in accounting policy

Presentation and disclosure of financial statements During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year's figures in accordance with the requirements applicable in the current year.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

B. Tangible fixed assets

Fixed assets are stated at cost, except for revalued freehold land and buildings, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates charged by the Municipal Authorities.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including routine repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

C. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

Leasehold improvements are being depreciated over the lease term or estimated useful life whichever is lower. Used assets acquired from third parties are depreciated on a straight line basis over their remaining useful life of such assets.

The depreciation charge over and above the depreciation calculated on the original cost of the revalued assets is transferred from the revaluation reserve to the statement of profit and loss.

D. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Computer Software which is not an integral part of the related hardware is classified as an intangible asset.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

E. Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Notes to the Financial Statements for the year ended 31st March, 2012

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

F. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

G. Inventories

Inventories are valued as follows:

Raw materials and packing materials : Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first-in-first out basis. Customs duty on imported raw materials (excluding stocks in the bonded warehouse) is treated as part of the cost of the inventories.

Work-in-progress and finished goods : Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Traded goods : Lower of cost and net realizable value. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Waste and scrap are not separately valued being insignificant in value

H. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of products:

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) Interest Income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

I. Investments

Investments that are readily realisable and intended to be held for not more than twelve months from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss

Notes to the Financial Statements for the year ended 31st March, 2012

J. Retirement benefits

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions to the government funds are due. The Company has no obligation other than the contribution payable to provident fund authorities.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity benefit of the Company is administered by a trust formed for this purpose through the group gratuity scheme. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

K. Foreign currency translation

The transactions in foreign currency are accounted at the exchange rate i.e. custom rate prevailing on the date of transaction. Exchange fluctuation between the transaction date and settlement date in respect of transactions are transferred to exchange rate difference account and written off to the statement of profit & loss.

Current assets and current liabilities involving transactions in foreign currency are converted at the exchange rates prevailing on the date of Balance Sheet. Any profit and loss arising out of such conversion is charged to the statement of profit & loss.

Non-monetary items i.e. investments are converted at the rate prevalent on the date of transaction.

L. Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liability is recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961", the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

M. Earnings Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of

Notes to the Financial Statements for the year ended 31st March, 2012

equity shares outstanding, without a corresponding change in resources.

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

N. Segment reporting

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services to different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operates.

O. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

P. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Q. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

All the accounting policies as mentioned above will be applied at the relevant time.

Notes to the Financial Statements for the year ended 31st March, 2012

3 SHARE CAPITAL

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Authorised Share Capital		
10,000 Equity Shares of Rs. 10/- each	100,000	100,000
Total	<u>100,000</u>	<u>100,000</u>
Issued, Subscribed and Paidup		
10,000 Equity Shares of Rs.10/- each.	100,000	100,000
Total	<u>100,000</u>	<u>100,000</u>

3.1 Reconciliation of Number of Shares Outstanding

Particulars	As at 31st March, 2012 No. of Shares	As at 31st March, 2011 No. of Shares
Equity Shares at the beginning of the year	100,000	100,000
Add :- Issued during the year	-	-
Less :- Shares cancelled during the year	-	-
Equity Shares at the end of the year	<u>100,000</u>	<u>100,000</u>

3.2 List of Shareholder's holding more that 5 percent of Shares

Name of the Shareholder	No. of Shares	As at 31st March, 2012 % Held	No. of Shares	As at 31st March, 2011 % Held
(i) Aries Agro Limited	9,998	<u>99.98</u>	9,997	<u>99.97</u>

4 RESERVES AND SURPLUS

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Profit & Loss Account		
As per last Balance Sheet	(896,284)	(49,450)
Add:- Profit / (Loss) for the year	(1,091,655)	(846,834)
Total	<u>(1,987,939)</u>	<u>(896,284)</u>

5 SHORT TERM BORROWINGS

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Loan from Holding Company	5,334,935	10,352,223
	<u>5,334,935</u>	<u>10,352,223</u>

6 TRADE PAYABLES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Creditors for Expenses	116,106	609,993
Outstanding Expenses	-	20,000
Total	<u>116,106</u>	<u>629,993</u>

Notes to the Financial Statements for the year ended 31st March, 2012

7 OTHER CURRENT LIABILITIES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Advance/Credits from Customers	22,743	160,556
Statutory Dues	185,418	-
Total	208,161	160,556

8 UNAMORTISED EXPENSES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
(Pre-operative Expenses)		
As per last Balance Sheet	503,687	755,530
	503,687	755,530
Less :- 1/5th W/off to Profit and Loss A/c	251,843	251,843
Total	251,844	503,687

9 DEFERRED TAX ASSET

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Deferred Tax Assets		
Deferred Tax Assets on Account of Loss	-	378,828
Net Deferred Tax Asset	-	378,828

9.1 Due to uncertainty of Future Taxable Income deferred tax asset has been written off.

10 INVENTORIES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
(At lower of cost or Net Realisable Value)		
(As Certified and valued by the Management)		
Finished Goods	-	220,875
Packing Material	-	3,657,809
Total	-	3,878,684

11 TRADE RECEIVABLES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
(Unsecured - Considered Good)		
Outstanding for a period exceeding six months (from Due Date of Payment)	-	2,072,589
Total	-	2,072,589

12 CASH AND CASH EQUIVALENTS

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Balance with Scheduled Banks in Current Accounts	57,166	56,615
Balance with Scheduled Banks in Fixed Deposit Accounts	71,168	65,000
Total	128,334	121,615

12.1 Of the above Fixed Deposits FDR worth Rs. 45,000/- are pledged with Sales Tax Authorities as security.

Notes to the Financial Statements for the year ended 31st March, 2012

13 SHORT TERM LOANS AND ADVANCES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Deposits	32,000	32,000
Others - Advances to Suppliers	3,314,085	3,314,085
Tax Refund		
MAT Credit	45,000	45,000
Total	3,391,085	3,391,085

- 13.1 Advance to Suppliers includes advances paid to the supplier of seeds M/s Pradham Biotech Private Limited, Hyderabad against whom the Company has filed a winding up petition to recover its dues. The Company is hopeful of positive outcome and hence no provision has been made in the accounts also in respect of this advance.

14 REVENUE FROM OPERATIONS

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Sales of Packing Material / Seeds	3,657,809	4,546,550
Total	3,657,809	4,546,550

- 14.1 The Company in absence of regular supplies of seeds, ceased its operations temporarily, has sold / transferred its stock of Packing Material to its Holding Company, Aries Agro Limited.

15 OTHER INCOME

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Interest Income on :		
Bank Fixed Deposits	6,168	-
Other Non-Operating Income		
Misc. / Other Income	75,710	123,303
Re-Processing Charges	-	1,275
Total	81,878	124,578

16 COST OF SALES (TRADED GOODS)

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
1) Opening Stock	220,875	7,802,025
Add : Purchases	-	1,016,796
	220,875	8,818,821
Less : Purchase Return	-	3,514,319
Less : Closing Stock	-	220,875
	220,875	5,083,627
2) Opening Stock of Packing Materials	3,657,809	3,658,770
Add : Purchases	-	-
	3,657,809	3,658,770
Less : Closing Stock of Packing Materials	-	3,657,809
Packing Materials Consumed	3,657,809	961
Consumption of Materials (1+2)	3,878,684	5,084,588

Notes to the Financial Statements for the year ended 31st March, 2012

17 EMPLOYEE BENEFIT EXPENSES

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Salary and Wages	-	67,250
Staff Welfare Expenses	-	9,281
Total	-	76,531

18 FINANCE COSTS

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Interest Expense	-	5,000
Other Borrowing Costs	-	2,164
Total	-	7,164

19 AMORTISATION

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Pre-operative expenses w/off	251,843	251,843
Total	251,843	251,843

20 OTHER EXPENSES

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Direct Expenses		
Miscellaneous Expenses	-	12,161
	-	12,161
Selling & Distribution Expenses		
Advertisement & Publicity	-	34,764
Freight & Delivery Expenses	-	29,390
Travelling Expenses	-	48,594
	-	112,748
Other Administration Expenses		
Audit Fees	16,854	22,060
Conveyance & Motor Car Expenses	-	17,632
General Expenses	-	10,066
Legal & Professional Fees	289,929	279,725
Postage & Telephones	-	3,801
Printing & Stationery	-	1,138
Rent, Rates & Taxes	15,204	17,655
	321,987	352,077
Total	321,987	476,986

20.1 Payment to Auditors as :

Particulars	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
Statutory Audit Fees	16,854	20,060
Taxation Matters	27,731	-
Total	44,585	20,060

Notes to the Financial Statements for the year ended 31st March, 2012

21 EARNINGS PER SHARE (EPS)

	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
i) Net Profit After Tax (PAT) as per Statement of Profit and Loss attributable to Equity Shareholders (Rs.in Lacs)	(1,091,655)	(846,834)
ii) Weighted Average number of Equity Shares used as denominator for calculating EPS	10,000	10,000
iii) Basic & Diluted Earnings per Share (Rs.)	(109.17)	(84.68)
iv) Face Value per Equity Share (Rs.)	10	10

22 RELATED PARTY DISCLOSURES

Related Party Disclosures as per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India

Part - A					
Details of Related Parties as per AS - 18					
Sr. No.	Nature of Relationship	Name of the Related Party		Remarks	
1	Holding Company	a)	Aries Agro Limited	a)	Date of becoming Subsidiary of Aries Agro Limited is 5th January, 2007 (Incorporation Date)
2	Key Management Personnel	a)	Dr. Jimmy Mirchandani	a)	Director
		b)	Dr. Rahul Mirchandani	b)	Director
3	Relatives of Key Management Personnel	Name of the Key Management Personnel		Name of the Relative	
		a)	Dr. Jimmy Mirchandani	a)	Mrs. Sarasa Mirchandani
				b)	Mr. Akshay Mirchandani
				c)	Mr. Amol Mirchandani
				d)	Dr. Rahul Mirchandani
		b)	Dr. Rahul Mirchandani	a)	Mrs. Nitya Mirchandani
				b)	Mastar Armaan Mirchandani
				c)	Dr. Jimmy Mirchandani
					Spouse
					Son
					Son
					Brother
					Spouse
					Son
					Brother
4	Fellow Subsidiaries	a)	Aries Agro Equipments Pvt Ltd	a)	A wholly owned Subsidiary of Aries Agro Limited
		b)	Aries Agro Produce Pvt Ltd	b)	A Subsidiary of Aries Agro Limited
		c)	Golden Harvest Middle East		A Subsidiary of Aries Agro Limited
		d)	Amarak Chemicals		A Step Down Subsidiary of Aries Agro Limited
5	Enterprises over which the Key Management Personnel have significant influence or control	a)	Aries East West Nutrients Pvt Ltd		
		b)	Aries Marketing Ltd		
		c)	Blossoms International Ltd		
		d)	Sreeni Agro Chemicals Pvt Ltd		

Notes to the Financial Statements for the year ended 31st March, 2012

Part - B				
Details of Transactions with Related Parties				
Sr. No.	Category	Nature of Service	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
1	Holding Company	Finance - Loans / Payments Given	5,014,392	1,855,000
		Sale of Packing Material / Goods	3,840,699	3,958,589
		Receipts from Sale of Goods	5,913,288	-
		Payments (Net of Receipts) for Goods	2,896	-

Part - C				
Balance Outstanding with Related Parties				
Nature of Outstanding	Category	Name of the Party	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Unsecured Loans	Holding Company	Aries Agro Limited	(5,334,935)	10,349,327
Creditors for Expenses	Holding Company	Aries Agro Limited	-	2,896
Sundry Debtors	Holding Company	Aries Agro Limited	-	2,072,589

23. Current Assets, Loan & Advances and Provisions

- The current assets and loans and advances are approximately of the value stated, if realized in the ordinary course of business.
- The provision for all known liabilities is not in excess of the amounts considered reasonably necessary.
- The balances of sundry creditors, sundry debtors and loans and advances are subject to confirmation.

24. Contingent Liability

- Guarantees issued to Revenue / Tax Authorities of Rs. 2.45 Lakhs. (Previous Year Rs. 2.45 Lakhs)

25. In view of the seeds being perishable in nature, certain stock of seeds have been discarded / destroyed and the same could not be revalidated. The total quantity being 3,600 Kgs. However, the Company managed to sell the same as fodder for cattle and realized an amount of Rs. 28,800/-. The nature of seed being perishable, the said loss is in the normal course of seed business and also is considered as an inherent risk.

26. Foreign Exchange Earnings & Outflow:

During the year there were no Foreign Exchange earning, expenditure or outflow.

27. Micro and Small Scale Business Entities

There are no micro and small Enterprises to whom company owes dues, which are outstanding for more than 45 days as at 31st March, 2012. This Information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

28. Segment Reporting

The Company has only one business segment "Agricultural Seeds" as its primary segment and hence disclosure of segment-wise information is not required under Accounting Standard 17 'Segmental Information' notified pursuant to the Companies (Accounting Standard) Rules, 2006 (as amended).

29. The Previous years figures are re-arranged and re-grouped wherever is necessary.

As per our report of even date

For Kirti D Shah & Associates

Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah

Proprietor Membership No 32371

Place : Mumbai.

Date : 11/07/2012.

For and on behalf of the Board

Dr. Jimmy Mirchandani

Director

Dr. Rahul Mirchandani

Director

NOTICE OF 6TH ANNUAL GENERAL MEETING

Notice is hereby given that the Sixth Annual General Meeting of the Members of **ARIES AGRO EQUIPMENTS PRIVATE LIMITED** will be held on Tuesday, 25th September, 2012 at 11.30 a.m. at the Registered office of the Company at Aries House, Plot No. 24, Deonar, Govandi (East), Mumbai-400 043 to transact the following business:-

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Dr. Rahul Mirchandani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. Kirti D. Shah & Associates, Chartered Accountants, Mumbai, as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

**By Order of the Board
For Aries Agro Equipments Private Limited**

**Place: Mumbai
Date: 11th July, 2012**

**Dr. Jimmy Mirchandani
Director**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

DIRECTOR'S REPORT

To,
The Members of
Aries Agro Equipments Private Limited.

Your Directors are pleased to present their Sixth Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS :

The Company generated a turnover of Rs. 2,35,04,735/- as against the expenses of Rs. 1,95,32,648/- . The Profit of the Company after tax was Rs. 25,34,216/- as compared to Profit of Rs. 41,32,205/- in the previous year.

2. CURRENT STATUS :

The business of the Company is progressing well and the trends indicate that there will be substantial growth in the current financial year.

3. DIVIDEND :

With a view to conserve the internal accruals your Directors have not recommended any dividend for the period under review.

4. DEPOSITS :

The Company has not accepted any Fixed Deposits from the Public.

5. PARTICULARS OF EMPLOYEES :

The Directors are to report that there are no employees who were in receipt of remuneration in excess of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

6. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREGIN EXCHANGE EARNINGS AND OUTGO :

Since the Company has not commenced commercial production during the period under review, report pertaining to conservation of energy and technology absorption are not applicable. During the year there were no Foreign Exchange earning, expenditure or outflow.

7. DIRECTORS:

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Dr. Rahul Mirchandani retires

by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Accordingly his re-appointment forms part of the notice of ensuing AGM.

8. AUDITORS :

M/s. Kirti D. Shah & Associates, Chartered Accountants, the Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

9. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' responsibility statement, it is hereby confirmed that:

1. In preparation of the Annual Accounts, applicable accounting standards have been followed.
2. The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the Annual Accounts on a going concern basis.

10. ACKNOWLEDGEMENT :

Your Directors would like to express their grateful appreciation for the co-operation and assistance received from the HDFC Bank Ltd and other related agencies.

By Order of the Board
For **Aries Agro Equipments Pvt. Ltd.,**

Dr. Jimmy Mirchandani
Director

Dr. Rahul Mirchandani
Director

Place : Mumbai
Date : 11th July, 2012

AUDIT REPORT TO THE SHARE HOLDERS OF ARIES AGRO EQUIPMENTS PVT.LTD.

- i. We have audited the attached Balance sheet of **ARIES AGRO EQUIPMENTS PRIVATE LIMITED**, as at 31st March, 2012. These financial statements are responsibility of the company management. Our responsibility is to express an opinion on these financial statements based on our audit.
- ii. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes
- (a) examining, on a test basis, evidence to support the financial statement amounts and disclosures in the financial statement
 - (b) assessing the accounting principles used in the preparation of financial statements
 - (c) assessing significant estimates made by the management in the preparation of the financial statements and
 - (d) Evaluating overall financial statement presentation.
- We believe that our audit provides a reasonable basis for our opinion
- iii. As required by the companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- iv. Further, we report that:
- a. We have 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 accounts as required by law, have been kept by the Company so far as appears from our examination of the books of the Company;
 - c. The Balance Sheet, Statement of Profit & Loss and Cash Flow statement referred to in this report are in agreement with the books of accounts of the Company

- d. On the basis of written representations received from the directors, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director u/s 274(l)(g) of Companies Act, 1956;
- e. In our opinion, the Balance Sheet dealt with by this report comply with all material respects with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- f. The company is not a sick company within the meaning of section 3(1)(o) of the SICA Act, 1985. Hence there is no question of payment of cess as required under section 441 A of Companies Act;
- g. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Statement of Profit and Loss and the Cash Flow statement, together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
- ii. In the case of the Statement of Profit and Loss, of the Loss of the Company for the period ended on that date
- iii. in the case of the Cash Flow statement, of the cash flows of the Company for the period ended on that date.

For Kirti D. Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D. Shah
Proprietor

Membership No. 32371

Place: Mumbai
Date: 11/07/2012

ANNEXURE TO THE AUDITORS' REPORT
(This is the Annexure referred to in our Report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- i. a. The company does not have any Fixed assets hence Clause (i) of the said order is not applicable to the Company.
- b. The company does not have any Fixed assets hence the question of physical verification & material discrepancies of the same does not arise.
- c. No parts of fixed assets have been disposed off during the period, which will affect its status as going concern.
- ii. a. The stock of inventory has been physically verified during the period by the management at reasonable intervals.
- b. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The company is maintaining proper records of inventory. No discrepancies were noticed on physical verification of stocks as compared to book records and hence the question of whether the same have been properly dealt with the books of accounts does not arise.
- iii. a. The company has taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 11,063,644/- (Previous Year Rs. 11,398,644/-) and closing balance as on 31/03/2012 is Rs. 10,779,318/- (Previous Year Rs. 9,103,644/-)

The Company has not given any advances to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- b. As per information and explanation provided to us, the company has not granted any loans which are interest free. However other terms and conditions on which such loans which are interest free. However other terms and conditions on which such loans and advances given to companies, firms or Other Parties listed in the Register maintained under section 301 are not, prima facie, prejudicial to the interest of the company.
- c. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable
- d. As per the information given by the management, in case of overdue amount of more than Rs.1.00 lakh, the reasonable steps have been taken by the company for recovery of the principal and Interest.
- iv. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
- v. a. According to the information and explanation provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the Register maintained under section 301 have been so entered.
- b. The transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 and exceeding value of Rupees Five Lakhs in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted deposits from the public. Hence, the question of complying the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under, where applicable, does not arise.
- vii. The paid up capital and reserve and surplus does not exceed 50 lakhs as at the commencement of the financial year concerned or average annual turnover does not exceed 5 crore rupee for a period of three consecutive financial year immediately preceding the financial year concerned. Accordingly applicability of internal audit dose not arise.
- viii. The provisions of related maintenance of the cost records prescribed by the Central Government under section 209 (1) (d) of the Act are not applicable to the company.
- ix. a. The company where applicable is regular in depositing statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues.
- b. There is no disputed liability in respect of tax dues on account of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess etc.
- x. As the company is registered for a period less then five years, the provisions of clause (x) of Companies Auditor Report Order, 2003 are not applicable to Company.
- xi. The company has not defaulted in repayment of dues to a financial institution or bank. The Company has not obtained any borrowings by way of debenture.
- xii. According to the records of the company, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is not a chit fund, Nidhi or mutual benefit fund/ society.
- xiv. The company is not dealing or trading in shares, securities, debentures and other investments. The shares held by the Company have been held by the Company in its own name.

Aries Agro Equipments Private Limited

- xv. The company has not given any guarantee for loans taken by others from Banks or financial institutions.
- xvi. The company has not taken any term loans during the year under audit.
- xvii. The funds raised on short-term basis have not been used for long term investment and vice versa.
- xviii. According to the records of the Company and the information and explanation provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix. The Company has not issued any debentures hence the clause XIX of the said order is not applicable to the company.
- xx. The Company has not raised any Capital during the year and hence the question whether the management has disclosed the end use of money raised by public issues and whether the same has been verified by us or not does not arise.
- xxi. During the checks carried out by us, any fraud on or by the Company has not been noticed or reported during the period under report.

For Kirti D. Shah & Associates
Firm Registration No. 115133W
Chartered Accountants
Kirti D. Shah
Proprietor

Membership No. 32371

Place: Mumbai
Date: 11/07/2012

Balance Sheet as at 31 March 2012

Particulars	Note No.	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	100,000	100,000
(b) Reserves and Surplus	4	7,972,211	5,437,995
		<u>8,072,211</u>	<u>5,537,995</u>
(2) Current Liabilities			
(a) Short Term Borrowings	5	10,849,318	9,220,706
(b) Trade Payables	6	1,329,935	889,257
(c) Other Current Liabilities	7	1,088,352	1,145,439
(d) Short Term Provisions	8	1,350,000	2,050,000
		<u>14,617,605</u>	<u>13,305,402</u>
TOTAL		<u><u>22,689,817</u></u>	<u><u>18,843,397</u></u>
II. ASSETS			
(1) Non-Current Assets			
Unamortised Expenses	9	1,568,862	2,353,294
		<u>1,568,862</u>	<u>2,353,294</u>
(2) Current Assets			
(a) Inventories	10	9,043,610	4,110,415
(b) Trade Receivables	11	10,549,077	11,115,884
(c) Cash & Cash Equivalents	12	1,312,176	1,120,762
(d) Short Term Loans and Advances	13	216,091	143,042
		<u>21,120,954</u>	<u>16,490,103</u>
TOTAL		<u><u>22,689,817</u></u>	<u><u>18,843,397</u></u>

**Significant Accounting Policies &
The Notes to Accounts 1 to 27 form part of these Financial Statements**

As per our Report of even date

For Kirti D Shah & Associates

Firm Registration No. 115133W

Chartered Accountants

Kirti D Shah

Proprietor

Membership No 32371

Place : Mumbai

Date : 11/07/2012

For and on behalf of the Board

Dr. Jimmy Mirchandani

Director

Dr. Rahul Mirchandani

Director

Statement of Profit and Loss for the year ended 31 March 2012

Particulars	Note No.	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
I. Revenue from Operations	14	23,389,435	35,703,312
II. Other Income	15	115,300	110,038
III. Total Revenue (I + II)		<u>23,504,735</u>	<u>35,813,350</u>
IV. Expenses :			
(a) Cost of Sales (Traded Goods)	16	16,641,153	26,241,152
(b) Finance Costs	17	41,140	76,924
(c) Depreciation & Amortization Expenses	18	784,432	784,432
(d) Other Expenses	19	2,065,923	2,480,573
Total Expenses		<u>19,532,648</u>	<u>29,583,081</u>
V. Profit Before Tax (III - IV)		3,972,087	6,230,269
VI. Provision for Taxation			
(i) Tax Expense			
Current Tax		1,350,000	2,050,000
		<u>1,350,000</u>	<u>2,050,000</u>
VII. Profit after Tax (PAT) - (V - VI)		2,622,087	4,180,269
Less:- Short Provision for Tax in Earlier Years		87,871	48,064
VIII. Profit / (Loss) for the period		<u>2,534,216</u>	<u>4,132,205</u>
IX. Earnings per Equity Share			
(1) Basic & Diluted	20	253.42	413.22

**Significant Accounting Policies &
The Notes to Accounts 1 to 27 form part of these Financial Statements**

As per our Report of even date

For Kirti D Shah & Associates

Firm Registration No. 115133W

Chartered Accountants

Kirti D Shah

Proprietor

Membership No 32371

Place : Mumbai

Date : 11/07/2012

For and on behalf of the Board

Dr. Jimmy Mirchandani

Director

Dr. Rahul Mirchandani

Director

Statement of Cash Flows for the year ended 31st March, 2012

(Rupees in Lakhs)

Sr. No.	Particulars	2011-12	2010-11
A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax as per Profit and Loss Account	39.72	62.30
	Adjusted for :		
	Pre-operative Expenses w/off	7.84	7.84
	Finance cost	0.41	0.77
		8.26	8.61
	Operating Profit before Working Capital Changes	47.98	70.92
	Adjusted for :		
	Trade Receivable	5.67	(45.00)
	Inventories	(49.33)	(16.41)
	Trade Payable	4.41	8.89
	Other Payable	(7.57)	20.22
		(46.83)	(32.30)
	Cash Generated from Operations,	1.15	38.62
	Net Prior Year Adjustments	(0.88)	(0.48)
	Taxes Paid	(13.50)	(20.50)
		(14.38)	(20.98)
	Net Cash from Operating Activities	(13.23)	17.64
B)	CASH FLOW FROM INVESTING ACTIVITIES :		
	Movement in Short Term Loans and Advances	(0.73)	(0.04)
	Net Cash (used in) Investing Activities	(0.73)	(0.04)
C)	CASH FLOW FROM FINANCIAL ACTIVITIES:		
	Short Term Borrowings (Net)	16.29	(21.18)
	Interest Paid	(0.41)	(0.77)
	Net Cash (used in) / from financing activities	15.87	(21.95)
	Net Increase in Cash and Cash Equivalents	1.91	(4.35)
	Opening Balance of Cash and Cash Equivalents	11.21	15.56
	Closing Balance of Cash and Cash Equivalents	13.12	11.21

As per our Report of even date
For Kirti D Shah & Associates

Firm Registration No. 115133W

Chartered Accountants

Kirti D Shah

Proprietor

Membership No 32371

Place : Mumbai

Date : 11/07/2012

For and on behalf of the Board
Dr. Jimmy Mirchandani

Director

Dr. Rahul Mirchandani

Director

Notes to the Financial Statements for the year ended 31st March, 2012**1. Corporate Information**

Aries Agro Equipments Private Limited was incorporated in January, 2007 as a Wholly Owned Subsidiary of Aries Agro Limited for carrying business in all type of farm equipments, machinery etc.

2. Basis of preparation

- i) The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards, notified by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out.
- ii) The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in accounting policy as explained in 2.1(a) (i) below.

2.1 Summary of significant accounting policies**A. (i) Change in accounting policy**

Presentation and disclosure of financial statements During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year's figures in accordance with the requirements applicable in the current year.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

B. Tangible fixed assets

Fixed assets are stated at cost, except for revalued freehold land and buildings, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates charged by the Municipal Authorities.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including routine repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

C. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

Leasehold improvements are being depreciated over the lease term or estimated useful life whichever is lower. Used assets acquired from third parties are depreciated on a straight line basis over their remaining useful life of such assets.

The depreciation charge over and above the depreciation calculated on the original cost of the revalued assets is transferred from the revaluation reserve to the statement of profit and loss.

D. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Computer Software which is not an integral part of the related hardware is classified as an intangible asset.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Notes to the Financial Statements for the year ended 31st March, 2012

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

E. Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

F. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

G. Inventories

Inventories are valued as follows:

Raw materials and packing materials : Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first-in-first out basis. Customs duty on imported raw materials (excluding stocks in the bonded warehouse) is treated as part of the cost of the inventories.

Work-in-progress and finished goods : Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Traded goods : Lower of cost and net realizable value. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Waste and scrap are not separately valued being insignificant in value

H. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of products:

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Notes to the Financial Statements for the year ended 31st March, 2012**(ii) Interest Income:**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

I. Investments

Investments that are readily realisable and intended to be held for not more than twelve months from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

J. Retirement benefits

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions to the government funds are due. The Company has no obligation other than the contribution payable to provident fund authorities.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity benefit of the Company is administered by a trust formed for this purpose through the group gratuity scheme. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

K. Foreign currency translation

The transactions in foreign currency are accounted at the exchange rate i.e. custom rate prevailing on the date of transaction. Exchange fluctuation between the transaction date and settlement date in respect of transactions are transferred to exchange rate difference account and written off to the statement of profit & loss.

Current assets and current liabilities involving transactions in foreign currency are converted at the exchange rates prevailing on the date of Balance Sheet. Any profit and loss arising out of such conversion is charged to the statement of profit & loss.

Non-monetary items i.e. investments are converted at the rate prevalent on the date of transaction.

L. Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liability is recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Notes to the Financial Statements for the year ended 31st March, 2012

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961", the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

M. Earnings Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

N. Segment reporting

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services to different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operates.

O. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

P. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Q. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

All the accounting policies as mentioned above will be applied at the relevant time.

Notes to the Financial Statements for the year ended 31st March, 2012

3 SHARE CAPITAL

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Authorised Share Capital		
10,000 Equity Shares of Rs. 10/- each	100,000	100,000
Total	100,000	100,000
Issued, Subscribed and Paidup		
10,000 Equity Shares of Rs.10/- each.	100,000	100,000
Total	100,000	100,000

3.1 Reconciliation of Number of Shares Outstanding

Particulars	As at 31st March, 2012 No. of Shares	As at 31st March, 2011 No. of Shares
Equity Shares at the beginning of the year	10,000	10,000
Add :- Issued during the year	-	-
Less :- Shares cancelled during the year	-	-
Equity Shares at the end of the year	10,000	10,000

3.2 List of Shareholder's holding more that 5 percent of Shares

Name of the Shareholder	No. of Shares	As at 31st March, 2012 % Held	No. of Shares	As at 31st March, 2011 % Held
Aries Agro Limited	9,998	99.98	9,997	99.97

4 RESERVES AND SURPLUS

	As at 31st March, 2012 Rupees	As at 31st March, 2011 Rupees
Surplus in the Statement of Profit & Loss		
As per last Balance Sheet	5,437,995	1,305,790
Add:- Profit for the year	2,534,216	4,132,205
Total	7,972,211	5,437,995

5 SHORT TERM BORROWINGS

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Un-Secured Borrowings		
From Holding Company - Aries Agro Limited	10,779,318	9,220,706
Security Deposits	70,000	-
Total	10,849,318	9,220,706

6 TRADE PAYABLES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Creditors for Goods - Aries Agro Ltd	45,470	1,679
Creditors for expenses	1,284,465	887,578
Total	1,329,935	889,257

Notes to the Financial Statements for the year ended 31st March, 2012

7 OTHER CURRENT LIABILITIES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Advance/Credits from Customers	987,578	973,652
Statutory Dues	100,774	171,787
	<u>1,088,352</u>	<u>1,145,439</u>

8 SHORT TERM PROVISIONS

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Provision for Income Tax	1,350,000	2,050,000
Total	<u>1,350,000</u>	<u>2,050,000</u>

9 UNAMORTISED EXPENSES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
(a) As per last Balance Sheet	2,353,294	3,137,726
(b) Less :- 1/5th written off	784,432	784,432
	<u>1,568,862</u>	<u>2,353,294</u>

10 INVENTORIES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
(At lower of cost or Net Realisable Value) (As Certified and valued by the Management)		
Finished Goods	9,043,610	4,110,415
Total	<u>9,043,610</u>	<u>4,110,415</u>

11 TRADE RECEIVABLES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
(Unsecured - Considered Good)		
Outstanding for a period exceeding six months (from Due Date of Payment)	6,697,493	3,481,109
Others	3,851,584	7,634,775
Total	<u>10,549,077</u>	<u>11,115,884</u>

12 CASH AND CASH EQUIVALENTS

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Balance with Scheduled Banks in Current Account	1,312,176	1,120,762
Total	<u>1,312,176</u>	<u>1,120,762</u>

Notes to the Financial Statements for the year ended 31st March, 2012

13 SHORT TERM LOANS AND ADVANCES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Balances with Sales Tax Authorities	56,656	25,042
Deposits	159,435	118,000
Total	216,091	143,042

14 REVENUE FROM OPERATIONS

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Sales of Traded Products	23,389,435	35,703,312
Total	23,389,435	35,703,312

15 OTHER INCOME

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Other Non-Operating Income		
Misc. / Other Income	33,081	93,795
Re-Processing Charges	82,219	16,243
Total	115,300	110,038

16 COST OF SALES (TRADED GOODS)

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
1) Opening Stock	4,110,415	2,469,688
Add : Purchases	21,574,348	27,881,879
	25,684,763	30,351,567
Less : Closing Stock	9,043,610	4,110,415
Cost of Sales of Traded Goods	16,641,153	26,241,152

17 FINANCE COSTS

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Interest Expense	2,608	-
Other Borrowing Costs	38,532	76,924
Total	41,140	76,924

18 AMORTISATION

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Pre-operative expenses w/off	784,432	784,432
Total	784,432	784,432

Notes to the Financial Statements for the year ended 31st March, 2012

19 OTHER EXPENSES

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Selling & Distribution Expenses		
Advertisement & Publicity	39,300	56,893
Discount and Rebate	21,178	210,589
Freight & Delivery Expenses	1,513,996	1,869,570
Selling Expenses	178,279	183,772
	<u>1,752,753</u>	<u>2,320,823</u>
Other Administration Expenses		
Audit Fees	28,090	27,575
General Expenses	20,100	7,385
Legal & Professional Fees	79,697	41,840
Printing & Stationery	34,215	5,220
Rent, Rates & Taxes	134,719	77,730
Repairs & Maintenance	16,350	-
	<u>313,171</u>	<u>159,750</u>
Total	<u><u>2,065,923</u></u>	<u><u>2,480,573</u></u>

19.1 Payment to Auditors as :

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Statutory Audit Fees	28,090	27,575
Tax Audit Fees	16,854	16,545
Taxation Matters	44,585	16,545
	<u>89,529</u>	<u>60,665</u>

20 EARNINGS PER SHARE (EPS)

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
i) Net Profit After Tax (PAT) as per Statement of Profit and Loss attributable to Equity Shareholders	2,534,216	4,132,205
ii) Weighted Average number of Equity Shares used as denominator for calculating EPS	10,000	10,000
iii) Basic & Diluted Earnings per Share (Rs.)	253.42	413.22
iv) Face Value per Equity Share (Rs.)	10	10

Notes to the Financial Statements for the year ended 31st March, 2012

21 RELATED PARTY DISCLOSURES

Related Party Disclosures as per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India

Part - A					
Details of Related Parties as per AS - 18					
Sr. No.	Nature of Relationship	Name of the Related Party		Remarks	
1	Holding Company	a)	Aries Agro Limited	a)	Date of becoming Subsidiary of Aries Agro Limited is 12th January, 2007 (Incorporation Date)
2	Key Management Personnel	a)	Dr. Jimmy Mirchandani	a)	Director
		b)	Dr. Rahul Mirchandani	b)	Director
3	Relatives of Key Management Personnel	Name of the Key Management Personnel		Name of the Relative	
		a)	Dr. Jimmy Mirchandani	a)	Mrs. Sarasa Mirchandani
				b)	Mr. Akshay Mirchandani
				c)	Mr. Amol Mirchandani
				d)	Dr. Rahul Mirchandani
		b)	Dr. Rahul Mirchandani	a)	Mrs. Nitya Mirchandani
				b)	Master Armaan Mirchandani
				c)	Dr. Jimmy Mirchandani
4	Fellow Subsidiaries	a)	Aries Agro Care Pvt Ltd	a)	A wholly owned Subsidiary of Aries Agro Limited
		b)	Aries Agro Produce Pvt Ltd	b)	A Subsidiary of Aries Agro Limited
		c)	Golden Harvest Middle East FZC		A Subsidiary of Aries Agro Limited
		d)	Amarak Chemicals FZC		A Step Down Subsidiary of Aries Agro Limited
5	Enterprises over which the Key Management Personnel have significant influence or control	a)	Aries East West Nutrients Pvt Ltd		
		b)	Aries Marketing Ltd		
		c)	Blossoms International Ltd		
		d)	Sreeni Agro Chemicals Pvt Ltd		

Part - B				
Details of Transactions with Related Parties				
Sr. No.	Category	Nature of Service	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
1	Holding Company	Finance - Loans / Payments Given	285,223	2,150,000
		Finance - Loans / Payments Received	1,875,000	-
		Sale of Goods	107,815	112,815
		Purchases Made (Inclusive of VAT)	21,665,000	27,916,979
		Receipts from Sale of Goods	107,815	5,000
		Payments (Net of Receipts) for Goods	21,708,791	27,915,000

Notes to the Financial Statements for the year ended 31st March, 2012

Part - C				
Balance Outstanding with Related Parties				
Nature of Outstanding	Category	Name of the Party	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Unsecured Loans	Holding Company	Aries Agro Limited	10,779,318	9,188,644
Creditors for Goods	Holding Company	Aries Agro Limited	45,470	1,679
Creditors for Expenses	Holding Company	Aries Agro Limited	-	32,062
Sundry Debtors	Holding Company	Aries Agro Limited	-	107,815

22. Current Assets, Loan & Advances and Provisions

- The current assets and loans and advances are approximately of the value stated, if realized in the ordinary course of business.
- The provision for all known liabilities is not in excess of the amounts considered reasonably necessary.
- The balances of Sundry Creditors, Sundry Debtors and Loans and Advances are subject to confirmation.

23. Contingent Liability

- Guarantees issued to Revenue / Tax Authorities of Rs. 0.20 Lakhs. (Previous Year Rs. 0.20 Lakhs)

24. Foreign Exchange Earnings & Outflow:

During the year there was no foreign exchange earning, expenditure or outflow.

25. Micro And Small Scale Business Entities

There are no micro and small Enterprises to whom company owes dues, which are outstanding for more than 45 days as at 31st March, 2012. This Information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

26. Segment Reporting

The Company has only one business segment "Agricultural Equipments" as its primary segment and hence disclosure of segment-wise information is not required under Accounting Standard 17 'Segmental Information' notified pursuant to the Companies (Accounting Standard) Rules, 2006 (as amended).

- The Previous years figures are re-arranged or re-grouped wherever is necessary.

As per our Report of even date

For Kirti D Shah & Associates

Firm Registration No. 115133W

Chartered Accountants

Kirti D Shah

Proprietor

Membership No 32371

Place : Mumbai

Date : 11/07/2012

For and on behalf of the Board

Dr. Jimmy Mirchandani

Director

Dr. Rahul Mirchandani

Director

NOTICE OF 4TH ANNUAL GENERAL MEETING

Notice is hereby given that the Fourth Annual General Meeting of the Members of **ARIES AGRO PRODUCE PRIVATE LIMITED** will be held on the Tuesday, 25th September, 2012 at 12.30 p.m. at the Registered office of the Company at Aries House, Plot No. 24, Deonar, Govandi (East), Mumbai-400 043 to transact the following business:-

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Dr. Rahul Mirchandani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. Kirti D. Shah & Associates, Chartered Accountants, Mumbai, as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

**By Order of the Board
For Aries Agro Produce Private Limited**

Dr. Jimmy Mirchandani
Director

Place: Mumbai
Date: 11th July, 2012

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

DIRECTOR'S REPORT

To,
The Members of
Aries Agro Produce Private Limited.

Your Directors are pleased to present the their Fourth Annual Report together with Audited Statement of Accounts of the Company for the period ended 31st March, 2012.

1. FINANCIAL RESULTS :

The Company has incurred a loss of Rs. 2,06,237- during the year under review.

2. STATUS OF THE PROJECT :

The operations of the Company has not yet commenced which is likely to commence. The Company has already entered into Memorandum of Understanding with the Government of Gujarat for Corporate Farming and Food Processing operations which is yet to commence.

3. DIVIDEND :

Since the Company has not commenced commercial production during the period under review, the Company has not made any profits. Hence, your Directors have not recommended any dividend for the period under review.

4. DEPOSITS :

The Company has not accepted any Fixed Deposits from the Public.

5. PARTICULARS OF EMPLOYEES :

The Directors are to report that there are no employees who were in receipt of remuneration in excess of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

6. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Since the Company has not commenced commercial production during the period under review, report pertaining to conservation of energy and technology absorption are not applicable. During the year there were no Foreign Exchange earning, expenditure or outflow.

7. DIRECTORS:

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Dr. Rahul Mirchandani retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Accordingly his re-appointment forms part of the notice of ensuing AGM.

8. DIRECTORS' REPLY TO OBSERVATIONS / REMARKS MADE IN AUDITORS' REPORT (Para (x) of the Annexure to the Auditors' Report)

The Auditors have in their Audit Report commented that the Company has made cash losses during the year and the accumulated losses are in excess of 50% of the Paid Up Capital and Free Reserves.

To this the Directors wish to inform that the operations of the Company has not yet commenced and the Cash losses are due to the same reason.

9. AUDITORS :

M/s. Kirti D. Shah & Associates, Chartered Accountants, the Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

10. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' responsibility statement, it is hereby confirmed that:

1. In preparation of the Annual Accounts, applicable accounting standards have been followed.
2. The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Pre-Operative Expenses of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the Annual Accounts on a going concern basis.

11. ACKNOWLEDGEMENT :

Your Directors would like to express their grateful appreciation for the co-operation and assistance received from the ICICI Bank Ltd and other related agencies.

By Order of the Board
For **Aries Agro Produce Pvt. Ltd.,**

Dr. Jimmy Mirchandani
Director

Dr. Rahul Mirchandani
Director

Place : Mumbai

Date: 11th July, 2012

AUDIT REPORT TO THE SHARE HOLDERS OF ARIES AGRO PRODUCE PVT. LTD.

- i. We have audited the attached Balance sheet of **ARIES AGRO PRODUCE PRIVATE LIMITED**, as at 31st March, 2012. These financial statements are responsibility of the company management. Our responsibility is to express an opinion on these financial statements based on our audit.
- ii. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes
- (a) examining, on a test basis, evidence to support the financial statement amounts and disclosures in the financial statement
 - (b) assessing the accounting principles used in the preparation of financial statements
 - (c) assessing significant estimates made by the management in the preparation of the financial statements and
 - (d) Evaluating overall financial statement presentation.
- We believe that our audit provides a reasonable basis for our opinion
- iii. As required by the companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- iv. Further, we report that:
- a. We have 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 accounts as required by law, have been kept by the Company so far as appears from our examination of the books of the Company;
 - c. The Balance Sheet, Statement of Profit & Loss and Cash Flow statement referred to in this report are in agreement with the books of accounts of the Company
 - d. On the basis of written representations received from the directors, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director u/s 274(l)(g) of Companies Act, 1956;
 - e. In our opinion, the Balance Sheet dealt with by this report comply with all material respects with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - f. The company is not a sick company within the meaning of section 3(1)(o) of the SICA Act, 1985. Hence there is no question of payment of cess as required under section 441 A of Companies Act;
 - g. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Statement of Profit and Loss and the Cash Flow statement, together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
 - ii. In the case of the Statement of Profit and Loss, of the Loss of the Company for the period ended on that date
 - iii. in the case of the Cash Flow statement, of the cash flows of the Company for the period ended on that date.
- For Kirti D. Shah & Associates**
Firm Registration No. 115133W
Chartered Accountants
- Kirti D. Shah|**
Proprietor
Membership No. 32371
- Place: Mumbai
Date: 11/07/2012

ANNEXURE TO THE AUDITORS' REPORT *(This is the Annexure referred to in our Report of even date)*

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- i. a. The company does not have any Fixed assets hence Clause (i) of the said order is not applicable to the Company.
- b. The company does not have any Fixed assets hence the question of physical verification & material discrepancies of the same does not arise.
- c. No parts of fixed assets have been disposed off during the period, which will affect its status as going concern.
- ii. a. There are no inventories during the year hence the question of physical verification by the management at reasonable intervals does not arise.
- b. The company does not have any inventories so the maintenance of records of inventory does not arise.
- iii. a. The company has taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 130,460/-(Previous Year Rs. 130,460/-) and closing balance as on 31/03/2012 is Rs. 65,460/-(Previous Year Rs. 130,460/-)

The Company has not given any advances to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

- b. As per information and explanation provided to us, the company has not granted any loans, hence the question whether such loans and advances given to Companies, Firms or Other Parties listed in the Register maintained under section 301 are, prima facie, prejudicial to the interest of the Company or not does not arise.
- c. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable.
- d. As per the information given by the management, there are no loans of more than Rs.1.00 lakh, hence the question whether the reasonable steps have been taken by the company for recovery of the principal and Interest or not does not arise.
- iv. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
- v. a. According to the information and explanation provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the Register maintained under section 301 have been so entered.
- b. The company has not entered into any transaction exceed in value of Rupees Five Lakhs. Hence the question whether the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time or not does not arise
- vi. The Company has not accepted deposits from the public. Hence, the question of complying the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under, where applicable, does not arise.
- vii. The paid up capital and reserve and surplus does not exceed 50 lakhs as at the commencement of the financial year concerned or average annual turnover does not exceed 5 crore rupee for a period of three consecutive financial year immediately preceding the financial year concerned. Accordingly applicability of internal audit does not arise.
- viii. The provisions of maintenance of the cost records prescribed by the Central Government under section 209 (1) (d) of the Act are not applicable to the company
- ix. a. The company where applicable is regular in depositing statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues.
- b. There is no disputed liability in respect of tax dues on account of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess etc.
- x. As the company is registered for a period less than five years, the provisions of clause (x) of Companies Auditor Report Order, 2003 are not applicable to Company. **However during the year under audit the company has incurred cash losses of Rs. 0.43 lakhs and its accumulated losses are in excess of 50 % of its paid up capital and free reserves.**
- xi. The company has not defaulted in repayment of dues to a financial institution or bank. The Company has not obtained any borrowings by way of debenture.
- xii. According to the records of the company, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is not a chit fund, Nidhi or mutual benefit fund/ society.
- xiv. The company is not dealing or trading in shares, securities, debentures and other investments. The shares held by the Company have been held by the Company in its own name.
- xv. The company has not given any guarantee for loans taken by others from Banks or financial institutions.

Aries Agro Produce Private Limited

- xvi. The company has not taken any term loans during the year under audit.
- xvii. The funds raised on short-term basis have not been used for long term investment and vice versa.
- xviii. According to the records of the Company and the information and explanation provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix. The Company has not issued any debentures hence the clause XIX of the said order is not applicable to the company.
- xx. The Company has not raised any Capital during the year and hence the question whether the management has disclosed the end use of money raised by public issues and whether the same has been verified by us or not does not arise.
- xxi. During the checks carried out by us, any fraud on or by the Company has not been noticed or reported during the period under report.

For Kirti D. Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Place: Mumbai
Date: 11/07/2012

Kirti D. Shah
Proprietor
Membership No. 32371

Balance Sheet as at 31st March, 2012

Particulars	Note No.	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	100,000	100,000
(b) Reserves and Surplus	4	(206,237)	-
		<u>(106,237)</u>	<u>100,000</u>
(2) Current Liabilities			
(a) Short Term Borrowings	5	65,460	130,460
(b) Trade Payables	6	52,702	33,090
(c) Other Current Liabilities	7	510	-
		<u>118,672</u>	<u>163,550</u>
TOTAL		<u>12,435</u>	<u>263,550</u>
II. ASSETS			
(1) Non-Current Assets	8		
(a) Unamortised Expenses		-	163,690
		<u>-</u>	<u>163,690</u>
(2) Current Assets			
(a) Cash & Cash Equivalents	9	12,435	77,435
(b) Short Term Loans and Advances	10	-	22,425
		<u>12,435</u>	<u>99,860</u>
TOTAL		<u>12,435</u>	<u>263,550</u>
Significant Accounting Policies &			
The Notes to Accounts 1 to 19 form part of these Financial Statements			

As per our report of even date
For Kirti D Shah & Associates
 Firm Registration No. 115133W
 Chartered Accountants

Kirti D Shah
 Proprietor
 Membership No 32371

Place : Mumbai.
Date :- 11/07/2012

For and on behalf of the Board
Dr. Jimmy Mirchandani
 Director

Dr. Rahul Mirchandani
 Director

Statement of Profit and Loss for the year ended 31 March 2012

Particulars	Note No.	Year Ended 31 March 2012	Year Ended 31 March 2011
I. Revenue from Operations		-	-
II. Other Income		-	-
III. Total Revenue (I + II)		-	-
IV. Expenses :			
(a) Cost of Materials Consumed		-	-
(b) Changes in Inventories of Finished Goods		-	-
(c) Employee Benefits Expense		-	-
(d) Finance Costs		-	-
(e) Pre operative expenses written off	11	163,690	-
(f) Other Expenses	12	42,547	-
Total Expenses		206,237	-
V. Profit / (Loss) Before Tax (PBT) - (III - IV)		(206,237)	-
VI. Provision for Taxation			
(i) Tax Expense			
Current Tax		-	-
		-	-
VII. Profit / (Loss) for the period (V - VI) (PAT)		(206,237)	-
VIII. Earnings per Equity Share			
(1) Basic & Diluted	13	(20.62)	
Significant Accounting Policies & The Notes to Accounts 1 to 19 form part of these Financial Statements			

As per our report of even date

For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah
Proprietor
Membership No 32371

Place : Mumbai.
Date :- 11/07/2012

For and on behalf of the Board

Dr. Jimmy Mirchandani
Director

Dr. Rahul Mirchandani
Director

Statement of Cash Flows for the year ended 31st March, 2012

(Rupees in Lakhs)

Sr. No.	Particulars	2011-12	2010-11
A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax as per Profit and Loss Account	(2.06)	-
	Adjusted for :		
	Depreciation and Amortisation Expenses	1.64	(0.12)
		1.64	(0.12)
	Operating Profit before Working Capital Changes	(0.43)	(0.12)
	Adjusted for :		
	Other Receivable	0.22	-
	Trade Payable	0.20	0.11
	Other Payable	0.01	-
		0.43	0.11
	Cash Generated from Operations,	-	(0.01)
	Net Cash from Operating Activities	-	(0.01)
B)	CASH FLOW FROM INVESTING ACTIVITIES :		
		-	-
	Net Cash (used in) Investing Activities	-	-
C)	CASH FLOW FROM FINANCIAL ACTIVITIES:		
	Short Term Borrowings (Net)	(0.65)	0.01
	Net Cash (used in) / from financing activities	(0.65)	0.01
	Net Increase in Cash and Cash Equivalents	(0.65)	-
	Opening Balance of Cash and Cash Equivalents	0.77	0.77
	Closing Balance of Cash and Cash Equivalents	0.12	0.77

As per our report of even date
For Kirti D Shah & Associates
Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah
Proprietor
Membership No 32371

Place : Mumbai.

Date :- 11/07/2012

For and on behalf of the Board
Dr. Jimmy Mirchandani
Director

Dr. Rahul Mirchandani
Director

Notes to the Financial Statements for the year ended 31st March, 2012

1. Corporate Information

Aries Agro Produce Private Limited was incorporated in June, 2008 as a Subsidiary of Aries Agro Limited for carrying business in all kinds of farming etc.

2. Basis of preparation

- i) The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards, notified by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out.
- ii) The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in accounting policy as explained in 2.1(a) (i) below.

2.1 Summary of significant accounting policies

A. (i) Change in accounting policy

Presentation and disclosure of financial statements During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year's figures in accordance with the requirements applicable in the current year.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

B. Tangible fixed assets

Fixed assets are stated at cost, except for revalued freehold land and buildings, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates charged by the Municipal Authorities.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including routine repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

C. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

Leasehold improvements are being depreciated over the lease term or estimated useful life whichever is lower. Used assets acquired from third parties are depreciated on a straight line basis over their remaining useful life of such assets.

The depreciation charge over and above the depreciation calculated on the original cost of the revalued assets is transferred from the revaluation reserve to the statement of profit and loss.

D. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Computer Software which is not an integral part of the related hardware is classified as an intangible asset.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

E. Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Notes to the Financial Statements for the year ended 31st March, 2012

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

F. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

G. Inventories

Inventories are valued as follows:

Raw materials and packing materials : Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first-in-first out basis. Customs duty on imported raw materials (excluding stocks in the bonded warehouse) is treated as part of the cost of the inventories.

Work-in-progress and finished goods : Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Traded goods : Lower of cost and net realizable value. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Waste and scrap are not separately valued being insignificant in value

H. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of products:

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) Interest Income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

I. Investments

Investments that are readily realisable and intended to be held for not more than twelve months from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

Notes to the Financial Statements for the year ended 31st March, 2012

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss

J. Retirement benefits

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions to the government funds are due. The Company has no obligation other than the contribution payable to provident fund authorities.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity benefit of the Company is administered by a trust formed for this purpose through the group gratuity scheme. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

K. Foreign currency translation

The transactions in foreign currency are accounted at the exchange rate i.e. custom rate prevailing on the date of transaction. Exchange fluctuation between the transaction date and settlement date in respect of transactions are transferred to exchange rate difference account and written off to the statement of profit & loss.

Current assets and current liabilities involving transactions in foreign currency are converted at the exchange rates prevailing on the date of Balance Sheet. Any profit and loss arising out of such conversion is charged to the statement of profit & loss.

Non-monetary items i.e. investments are converted at the rate prevalent on the date of transaction.

L. Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liability is recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961", the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

M. Earnings Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding

Notes to the Financial Statements for the year ended 31st March, 2012

during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

N. Segment reporting

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services to different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operates.

O. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to

its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

P. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Q. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

All the accounting policies as mentioned above will be applied at the relevant time.

3 SHARE CAPITAL

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Authorised Share Capital		
500,000 Equity Shares of Rs. 10/- each	5,000,000	5,000,000
Total	<u>5,000,000</u>	<u>5,000,000</u>
Issued, Subscribed and Paidup		
10000 Equity Shares of Rs.10/- each.	100,000	100,000
Total	<u>100,000</u>	<u>100,000</u>

3.1 Reconciliation of Number of Shares Outstanding

Particulars	As at 31st March, 2012 No. of Shares	As at 31st March, 2011 No. of Shares
Equity Shares at the beginning of the year	100,000	100,000
Equity Shares at the end of the year	<u>100,000</u>	<u>100,000</u>

Notes to the Financial Statements for the year ended 31st March, 2012

3.2 List of Shareholder's holding more than 5 percent of Shares

Name of the Shareholder	No. of Shares	As at 31st March, 2012 % Held	No. of Shares	As at 31st March, 2011 % Held
(i) Dr. Jimmy Mirchandani	1,300	13%	1,300	13%
(ii) Dr. Rahul Mirchandani	1,200	12%	1,200	12%
(iii) Aries Agro Ltd	7,500	75%	7,500	75%
	10,000	100%	10,000	100%

4 RESERVES AND SURPLUS

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
(a) As per last Balance Sheet	-	-
Add:- Profit /(Loss) as per the statement of profit & loss	(206,237)	-
Total	(206,237)	-

5 SHORT TERM BORROWINGS

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Un-Secured Borrowings		
Loan from Holding Company		
Aries Agro Limited	65,460	130,460
	65,460	130,460

6 TRADE PAYABLES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Creditors for Expenses	52,702	33,090
Total	52,702	33,090

7 OTHER CURRENT LIABILITIES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Dues to Directors	510	-
Total	510	-

8 UNAMORTISED EXPENSES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
As per last Balance Sheet	163,690	151,660
Add :- Additions during the year	-	12,030
Less :- written off to the statement of profit and loss	163,690	-
	-	163,690

Notes to the Financial Statements for the year ended 31st March, 2012

9 CASH & CASH EQUIVALENTS

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Balance with Scheduled Banks in Current Account	12,435	77,435
Total	12,435	77,435

10 SHORT TERM LOANS AND ADVANCES

	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Advances to Suppliers	-	22,425
Total	-	22,425

11 AMORTISATION

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Pre-operative expenses w/off	163,690	-
Total	163,690	-

12 OTHER EXPENSES

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
Other Administration Expenses		
Audit Fees	11,236	-
Legal & Professional Fees	30,801	-
Rent, Rates & Taxes	510	-
Total	42,547	-

12.1 Payment to Auditors as :

Particulars	Year Ended 31st March, 2012 Rupees	Year Ended 31st March, 2011 Rupees
Statutory Audit Fees	11,236	11,030
Taxation Matters	5,618	-
	16,854	11,030

13 EARNINGS PER SHARE (EPS)

	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
i) Net Profit / (Loss) After Tax (PAT) as per Statement of Profit and Loss attributable to Equity Shareholders	(206,237)	-
ii) Weighted Average number of Equity Shares used as denominator for calculating EPS	10,000	10,000
iii) Basic & Diluted Earnings per Share (Rs.)	(20.62)	-
iv) Face Value per Equity Share (Rs.)	10	10

Notes to the Financial Statements for the year ended 31st March, 2012

14 RELATED PARTY DISCLOSURES

Related Party Disclosures as per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India

Part - A					
Details of Related Parties as per AS - 18					
Sr. No.	Nature of Relationship	Name of the Related Party		Remarks	
1	Holding Company	a)	Aries Agro Limited	a)	Date of becoming Subsidiary of Aries Agro Limited is 20th June, 2008 (Incorporation Date)
2	Key Management Personnel	a)	Dr. Jimmy Mirchandani	a)	Director
		b)	Dr. Rahul Mirchandani	b)	Director
3	Relatives of Key Management Personnel	Name of the Key Management Personnel		Name of the Relative	
		a)	Dr. Jimmy Mirchandani	a)	Mrs. Sarasa Mirchandani
				b)	Mr. Akshay Mirchandani
				c)	Mr. Amol Mirchandani
				d)	Dr. Rahul Mirchandani
		b)	Dr. Rahul Mirchandani	a)	Mrs. Nitya Mirchandani
				b)	Mastar Armaan Mirchandani
				c)	Dr. Jimmy Mirchandani
					Spouse Son Son Brother Spouse Son Brother
4	Fellow Subsidiaries	a)	Aries Agro Care Pvt Ltd	a)	A wholly owned Subsidiary of Aries Agro Limited
		b)	Aries Agro Equipments Pvt Ltd	b)	A Subsidiary of Aries Agro Limited
		c)	Golden Harvest Middle East FZC		A Subsidiary of Aries Agro Limited
		d)	Amarak Chemicals FZC		A Step Down Subsidiary of Aries Agro Limited
5	Enterprises over which the Key Management Personnel have significant influence or control	a)	Aries East West Nutrients Pvt Ltd		
		b)	Aries Marketing Ltd		
		c)	Blossoms International Ltd		
		d)	Sreeni Agro Chemicals Pvt Ltd		

Part - B				
Details of Transactions with Related Parties				
Sr. No.	Category	Nature of Service	Year Ended 31 March 2012 Rupees	Year Ended 31 March 2011 Rupees
1	Holding Company	Finance - Loans / Payments Given	65,000	-
		Finance - Loans / Payments Received	-	1,000

Part - C				
Balance Outstanding with Related Parties				
Category	Nature of Outstanding	Name of the Party	As at 31 March 2012 Rupees	As at 31 March 2011 Rupees
Holding Company	Unsecured Loans	Aries Agro Limited	65,460	130,460

Notes to the Financial Statements for the year ended 31st March, 2012

15. Current Assets, Loan & Advances and Provisions

- a) The current assets and loans and advances are approximately of the value stated, if realized in the ordinary course of business.
- b) The provision for all known liabilities is not in excess of the amounts considered reasonably necessary.
- c) The balances of Sundry Creditors, and Loans and Advances are subject to confirmation. .

16. Contingent liability is generally not provided in the accounts but is disclosed by way of notes to accounts.

17. Foreign Exchange Earnings & Outflow:

During the year there were no Foreign Exchange earnings, expenditure or outflow.

18. Micro And Small Scale Business Entities

There are no micro and small Enterprises to whom company owes dues, which are outstanding for more than 45 days as at 31st March, 2012. This Information as required to be disclosed under the micro, small and medium enterprises development Act , 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

19. Previous year's figures have been regrouped wherever necessary so as to make them comparable with the current year.

As per our report of even date

For Kirti D Shah & Associates

Firm Registration No. 115133W
Chartered Accountants

Kirti D Shah

Proprietor
Membership No 32371

Place : Mumbai.

Date :- 11/07/2012

For and on behalf of the Board

Dr. Jimmy Mirchandani

Director

Dr. Rahul Mirchandani

Director



42nd ANNUAL GENERAL MEETING

Registered Office: Aries House, Plot No. 24, Deonar, Govandi, (East), Mumbai-400 043.

ATTENDANCE SLIP

Please complete this attendance slip and hand over at the entrance of the Meeting Hall

L.F. No(s) / DP ID & Client ID _____

NAME OF THE SHAREHOLDER _____

PROXY _____

No. of Shares held : _____

I / We hereby record our presence at the **Forty Second Annual General Meeting** held on Friday, the **28th September, 2012** at The Chembur Gymkhana, 16th Road, Chembur, Mumbai – 400 071.

SIGNATURE OF THE SHAREHOLDER / PROXY* _____

*Strike out whichever is not applicable



42nd ANNUAL GENERAL MEETING

Registered Office: Aries House, Plot No. 24, Deonar, Govandi, (East), Mumbai-400 043.

PROXY FORM

I / We _____

of _____ being the Member / Members of ARIES AGRO LIMITED, MUMBAI, hereby appoint

Mr. _____

of _____ or failing him Mr. _____

of _____ as my / our proxy to vote for me / us on my / our behalf, at the **Forty Second Annual General Meeting** of the Company to be held on Friday, the **28th September, 2012** and at any adjournment thereof.

Affix
Re.1/=
Revenue
Stamp

Signed this _____ day of _____, 2012

Dr. Rahul Mirchandani Speaking At
International Labour Organisation,
Geneva Panel - On The Topic
“Solving The Youth Employment Crisis”
On 23rd May 2012



Annual Chairman's Club
Customer Convention
In Hongkong
On 21st April 2012

Aries Cricket Teams
Participating In The
Challenger's Trophy
Corporate Cricket Tournament
- 18th March 2012



BOOK POST



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E-mail : investorrelations@ariesagro.com