

F.BSE/QPA/2031  
2<sup>nd</sup> September, 2013

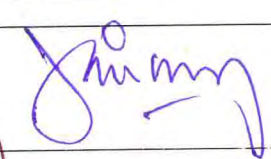
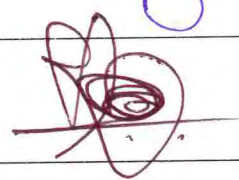
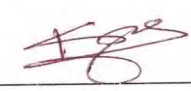

Listing Department  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai-400 001

Fax No. 2272 2061/41/39/37

Ref: Scrip Code- 532935

Dear Sir,

As required by clause 31(a) of the Listing Agreement, given below is the Form A duly signed.

1.	Name of the Company	<b>ARIES AGRO LIMITED</b>
2.	Annual Financial Statements for the year ended	<b>31<sup>st</sup> March, 2013</b>
3.	Type of Audit Observation	<b>Un-qualified/Matter of Emphasis</b>
4.	Frequency of Observation	<b>Not Applicable</b>
5.	<b>Signatures:</b>	
	Dr. Jimmy Mirchandani, Chairman & Managing Director	
	Mr. S. Ramamurthy, Chief Financial Officer	
	Mr. Kirti D. Shah, Proprietor, M/S. Kirti D. Shah & Associates, Statutory Auditors	
	Prof. R. S. S. Mani, Chairman, Audit Committee of Aries Agro Limited	

Kindly take the same on your records.

Thanking You,

Yours faithfully,

For **ARIES AGRO LIMITED**

  
**QAISER P. ANSARI**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**





The background of the cover features stylized dandelion seed heads and seeds. Two large, detailed dandelion heads are in the lower-left quadrant, one above the other, with long, thin stems. The upper head is in full bloom, while the lower one is slightly more deflated. Numerous smaller, lighter dandelion heads and individual seeds are scattered across the upper right portion of the cover, appearing to drift away from the main heads. The overall design is minimalist and uses a grayscale palette with green accents for the text and logo.

# 43rd ANNUAL REPORT 2012-2013

 **aries agro limited**  
Energizing Earth



TRICHY CUSTOMER MEET



NEW AG INTERNATIONAL  
CONFERENCE & MEETING (BRAZIL)



EMPLOYEES HONOURED FOR COMPLETING 25 YEARS IN ARIES



ARIES ANNUAL DEALER MEET AT DELLA ADVENTURE PARK, LONAVLA ON 18TH APRIL 2013





## CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Members,

It is with great pleasure that I present to you the 43<sup>rd</sup> Annual Report of your Company, Aries Agro Limited.

During 2012-13, the year under review in this Report, the monsoons were highly erratic until August 2012. The shortfall in rain was as high as 20% below long period average and the monsoons were being discussed as the worst in 65 years. However, the drought affected areas received some respite towards the end of the season and the four month long rainfall season drew to a close with a rain deficit of 8% as per Indian Meteorological Department. This unpredictable monsoon season across space and time led to a very haphazard progress of the Kharif season.

In the second half of the year, water woes were further amplified with labour and power shortages. Acute power unavailability in almost all southern states and in many other parts of the country led to a situation where despite reservoirs and water table being adequate, farmers were unable to draw water using electric pump sets due to shortage of electricity for several hours in a day. These factors led to your Company's revenue reducing slightly by 2.5%.

However, it is noteworthy that international business increased by 17% and now constitutes 32% of the total revenue of the Aries Group. International sales have commenced in Sri Lanka, Bangladesh, Pakistan, Ecuador, Brazil, USA, Taiwan, Kenya, Vietnam, Australia and New Zealand with supplies from Indian and UAE factories. Distributors have been appointed in Brazil, Ecuador, Sri Lanka and New Zealand and we expect export and global sales to continue to grow and form 35% of the group revenues of the Company by Financial Year 2013-14.

Aries' business remains working capital intensive and necessitates providing seasonal credit to dealers and distributors and maintaining inventories at 26 depots and 5 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 been on the higher side. However, with strict working capital management during the year under review we managed to decrease the interest cost by Rs.1.17 Crores.

Costs of raw materials, fuel, processing, labour and interest rates continue to rise and have impacted the Company adversely during the entire financial year. Though the Company has raised its billing rates in all 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. It was also considered prudent to place stringent controls on man power deployed in various areas.

Aries has sourced 47% of its total raw materials from overseas suppliers located in China, Israel, Turkey, U.A.E., U.S.A, U.K., Belgium, Netherlands, Japan and South Africa. Imports constitute 58% 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 current financial year continues to remain a major source of concern.

Aries has scaled up the utilization of its manufacturing facilities during the year 2012-13. The total capacity utilization currently stands at 45% 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 38 % of the total installed capacity overseas. The Company's new manufacturing facility at Chhatral, near Ahmedabad was inaugurated on 17<sup>th</sup> October, 2012 and has since been fully commissioned. The factory currently produces multi micronutrient fertilisers including a new fast selling specialty nutrition product, Fertisol. The Company has also improved the cost structure of products being manufactured at Chhatral by changing the fuel source from diesel to natural gas.

Aries continues to strongly support knowledge sharing activities in rural areas. Over 2742 knowledge dissemination activities were undertaken during the year under review impacting 73599 farmers. Aries organized various state level farmer's conferences at Andhra Pradesh, Maharashtra, Bihar, Gujarat, Haryana, Punjab, Rajasthan, Uttar Pradesh and Odisha. A mass awareness campaign using Krishi Vigyan Vahans (KVV) was conducted to reach out to remote area farmers in the State of Chhattisgarh as part of the Gram Swaraj Abhiyan organized by Government of Chhattisgarh during the year. The Company has organized during the year soil testing camps in Andhra Pradesh using Mobile Soil Testing Kits and 1763 Soil Health Cards were issued to farmers providing an additional service in order that they understand the specific nutrient needs of their farms.

The 2013 monsoons have commenced on schedule and are progressing well. The Company will be adding additional 3 products during the year 2013-14 including Hortimin, Moto Control and Agri Plex. However, we shall also be progressively phasing out 5 of the products which are very similar to existing products in the range to avoid some amount of duplication and to reduce the number of stock keeping units in our inventory.

With a good monsoon season, the outlook for the year 2013-14 seems positive. Your Company's extensive distribution network, diversified product portfolio, reach to varied climatic areas and realignment of focus on crops and products that will realize better prices will definitely have a beneficial impact on your company's growth and profitability.

For the second consecutive year, 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. It is a proof of the talent, drive and hard work our team have brought to our business

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, 2013**
**Statement of Profit & Loss for the year ended March 31, 2013 with Director's Report**
**43<sup>rd</sup> Annual Report  
2012 - 2013**
**BOARD OF DIRECTORS**
**Dr. Jimmy Mirchandani**  
Chairman & Managing Director

**Dr. Rahul Mirchandani**  
Executive Director

**Dr. D. S. Jadhav** upto 12.11.2012

**Prof. R. S. S. Mani,**
**Mr. Akshay Mirchandani**
**Mr. C. B. Chhaya**
**Mr. B. V. Dholakia** w.e.f. 13.11.2012

**AUDIT COMMITTEE**
**Prof. R. S. S. Mani,** Chairman

**Dr. D. S. Jadhav** upto 12.11.2012

**Dr. Rahul Mirchandani**
**Mr. B. V. Dholakia** w.e.f. 13.11.2012

**SHARE HOLDERS/INVESTORS GRIEVANCES COMMITTEE**
**Prof. R. S. S. Mani,** Chairman

**Dr. Jimmy Mirchandani**
**Dr. Rahul Mirchandani**
**REMUNERATION COMMITTEE**
**Dr. D. S. Jadhav,** upto 12.11.2012

**Prof. R. S. S. Mani,** Chairman

**Mr. C. B. Chhaya**
**Mr. B. V. Dholakia** w.e.f. 13.11.2012

**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**
**Kirti D. Shah and Associates**
**INTERNAL AUDITOR**
**Kirit Manek & Co.**
**COST AUDITOR**
**R. Nanabhoy & Co.**
**BANKERS**
**AXIS Bank Ltd.**
**ICICI Bank Ltd.**
**HDFC Bank Limited**
**Canara Bank**
**BRANCHES/STOCK LOCATIONS**
**Ahmedabad,** Gujarat

**Bangalore,** Karnataka

**Bellary,** Karnataka

**Bhubaneshwar,** Orissa

**Coimbatore,** Tamil Nadu

**Ghaziabad,** Uttar Pradesh

**Guwahati,** Assam

**Hissar,** Haryana

**Hyderabad,** Andhra Pradesh

**Indore,** Madhya Pradesh

**Jaipur,** Rajasthan

**Jalandhar,** Punjab

**Kolkata,** West Bengal

**Lucknow,** Uttar Pradesh

**Nagpur,** Maharashtra

**Nashik,** Maharashtra

**Nipani,** Karnataka

**Panvel,** Maharashtra

**Patna,** Bihar

**Raipur,** Chhatisgarh

**Ranchi,** Jharkhand,

**Rudrapur,** Uttaranchal

**Siliguri,** West Bengal

**Solapur,** Maharashtra

**Sriganganagar,** Rajasthan

**Vijayawada,** Andhra Pradesh

**MANUFACTURING LOCATIONS**
**Mumbai**
**Bangalore**
**Hyderabad**
**Kolkata**
**Chhatral**
**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](http://www.ariesagro.com)



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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Third Annual General Meeting of the Members of **ARIES AGRO LIMITED** will be held on Monday, the 30<sup>th</sup> September, 2013 at 10.00 a.m. at The Chembur Gymkhana, 16<sup>th</sup> 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 31<sup>st</sup> March, 2013 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 31.03.2013.
3. To appoint a Director in place of Dr. Rahul Mirchandani who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. C. B. Chhaya 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. Appointment of Mr. Bhumitra Vinodchandra Dholakia as a Director of the Company

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

"RESOLVED THAT Mr. Bhumitra Vinodchandra Dholakia, who was appointed by the Board of Directors as an Additional Director with effect from 13<sup>th</sup> November, 2012 under Section 260 of the Companies Act, 1956 and Article 146 of the Articles of Association of the Company and who holds Office upto the date of this Annual General Meeting but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation."

#### 7. Alteration of the Article No. 179 of the Articles of Association of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Article No. 179 of the Articles of Association of the Company ("Articles") be and is hereby amended and altered as under:-

179. The phrase " **from amongst their members who may be Managing Director or Whole Time Director or Executive Director**" be added after the phrase " *of their meetings*" but before "and determine the period " and that amended Article No. 179 will read as under:-

*179. The Board may elect a Chairman of their meetings from amongst their members who may be Managing Director or Whole Time Director or Executive Director and determine the period for which he is to hold office. If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, or is unwilling to preside, the Directors present may choose one of their members to be Chairman of such meeting.*

**By Order of the Board**

Place: Mumbai  
Date: 14<sup>th</sup> August, 2013

**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, 21<sup>st</sup> September, 2013 to Monday, 30<sup>th</sup> September, 2013 (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 25<sup>th</sup> October, 2013 to those members whose names appear on the Register of Members on 20<sup>th</sup> September, 2013 after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 13<sup>th</sup> September, 2013. 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 20<sup>th</sup> September, 2013 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 made it mandatory to print the Bank Details of the Investors on the physical payment instruments, if any payment is made to Investors by physical payment instrument. Members holding shares in physical form are requested to immediately submit their Bank Details to the Company/Registrars and Transfer Agents, M/s Aarthi Consultants Private Limited.
13. 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.
14. 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.
15. **Members are requested to bring their copy of the Annual Report to the Annual General Meeting.**
16. 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.
17. 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.
18. 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. and the same is also displayed in the Investor Relations Section on our web-site at [www.ariesagro.com](http://www.ariesagro.com).
19. Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting are given below:



20.

Particulars required	Information
Name of the Director	Dr. Rahul Mirchandani
Date of Birth	12 <sup>th</sup> August, 1975
Date of Appointment	2 <sup>nd</sup> February, 1994
Expertise in specific functional areas	As Executive Director, he oversees various functions of the Company namely Marketing, Brand Promotion and New Product Development etc.
Qualifications	B.Com, CFA , MBA, Ph. D(Management Studies) from NMIMS.
Chairman/Member of the Committees of the Board of Directors of the Company.	Member of the Audit Committee and Shareholders' / Investors' Grievance Committee.
Directorship in other Companies	Sreeni Agro Chemicals Ltd. Aries East-West Nutrients Pvt. Ltd. Blossoms International Ltd. Aries Marketing Ltd. Aries Agro Care Pvt. Ltd. Aries Agro Equipments Pvt. Ltd. Aries Agro Produce Private Limited Golden Harvest Middle East 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	Mr. Chakradhar Bharat Chhaya
Date of Birth	9 <sup>th</sup> November, 1943
Date of Appointment	29 <sup>th</sup> October, 2009
Expertise in specific functional areas	Independent Director
Qualifications	B.Com., FCMA, CAIIB.
Chairman/Member of the Committees of the Board of Directors of the Company.	Member of Remuneration Committee. Member of the Treasury Committee.
Directorship in other Companies	1. Credila Financial Services Private Limited 2. Texmo Pipes & Products Limited 3. Calyx Chemicals & Pharmaceuticals Limited 4. Yalamanchili Software Exports Limited
Membership of Audit Committee of other Public Limited Companies	1. Texmo Pipes & Products Limited –Member of Audit Committee 2. Credila Financial Services Private Limited-Member Audit Committee 3. Calyx Chemicals & Pharmaceuticals Limited-Chairman Audit Committee 4. Yalamanchili Software Exports Limited- Chairman Audit Committee
Membership of any other Committee of other Public Limited Companies.	1. Texmo Pipes & Products Limited – Member of Remuneration and Compensation Committee and the Chairman of Shareholders'/ Investors' Grievance Committee
Particulars required	Information
Name of the Director	Mr. Bhumitra Vinodchandra Dholakia
Date of Birth	3 <sup>rd</sup> September, 1949
Date of Appointment	13 <sup>th</sup> November, 2012
Expertise in specific functional areas	Independent Director
Qualifications	B.A., LL.B., CAIIB. FCS.
Chairman/Member of the Committees of the Board of Directors of the Company.	Member of Audit Committee. Member of the Remuneration Committee.
Directorship in other Companies	1. Mruga Corporate Services Limited 2. Calyx Chemicals & Pharmaceuticals Limited 3. Rapicut Carbides Limited
Membership of Audit Committee of other Public Limited Companies	NIL
Membership of any other Committee of other Public Limited Companies.	1. Calyx Chemicals & Pharmaceuticals Limited-Chairman of Remuneration Committee and Share Holders and Investors Grievances Committee

21. 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

At the meeting of the Board of Directors held on 12<sup>th</sup> November, 2012, Mr. Bhumitra Vinodchandra Dholakia was appointed as an Additional Director with effect from 13<sup>th</sup> November, 2012, to hold office till the date of the next Annual General Meeting of the Company. Mr. Bhumitra Vinodchandra Dholakia was appointed as an Independent Director. The Company has received a notice in writing from a Member under the provisions of Section 257 of the Companies Act, 1956, together with the requisite deposit, proposing his candidature for the office of a Director

Brief profile of Mr. Bhumitra Vinodchandra Dholakia in terms of Clause 49 of the Listing Agreement is given in the annexure to the Notice.

Mr. Bhumitra Vinodchandra Dholakia is Bachelor of Arts (Economics) and Law obtained from Gujarat University and is a Certified Associate of Indian Institute of Bankers. He holds a Certificate of Practice as Company Secretary and is a Fellow Member of the Institute of Company Secretaries of India, New Delhi. He has more than 35 years of experience as a Company Secretary and has been in Whole Time Practice for 28 years. He was earlier associated with Precision Fastners Limited. Mr. Bhumitra Vinodchandra Dholakia is the proprietor of M/s. Dholakia & Associates, Company Secretaries since April, 1984. He is also a Partner of M/s. Shah Dholakia & Associates, Company Secretaries, rendering Company Law, Secretarial and Legal Services on Retainership basis to our Company till October, 2012. He is a Director in M/S. Mruga Corporate Services Limited and Independent Director of Calyx Chemicals & Pharmaceuticals Limited and Rapicut Carbides Limited.

Mr. Bhumitra Vinodchandra Dholakia does not hold any Shares of the Company.

The Board of Directors are confident that he will be of great value to the Company and hence recommend the resolution for your approval as set out under item No. 6 of the Notice.

None of the Directors except Mr. Bhumitra Vinodchandra Dholakia is concerned or interested in the said resolution.

### Item No. 7

Clause No. 203 of the Companies Bill, 2013 duly passed by Loksabha and Rajyasabha states that unless Articles of Association of the Company provide for appointment of Managing Director as its Chairman or Chairperson the Board should appoint any Director other than Managing Director as the Chairman of the Company.

**203. (1) Every Company belonging to such class or classes of Companies as may be prescribed shall have the following Whole-Time Key Managerial Personnel,—**

*(i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director; and*

*(ii) Company Secretary:*

*Provided that unless the Articles of such a Company provide otherwise, an individual shall not be the chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company at the same time.*

The existing Article 179 of the Articles of Association of the Company does not contain provisions similar to Clause 203 of the Companies Bill. The existing Article is reproduced as under :-

*179. The Board may elect a Chairman of their meetings and determine the period for which he is to hold office. If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, or is unwilling to preside, the Directors present may choose one of their members to be Chairman of such meeting.*

Considering the size of the Company it is administratively convenient that the Chairman and Managing Director or Whole Time Director or Executive Director is the same person. Board recommends the resolution for passage.

None of the Directors except Dr. Jimmy Mirchandani, Dr. Rahul Mirchandani and Mr. Akshay Mirchandani is concerned or interested in this Resolution.

**By Order of the Board**

Place: Mumbai  
Date: 14<sup>th</sup> August, 2013

**Kaiser P. Ansari**  
**Company Secretary**



## DIRECTORS' REPORT

To  
The Members,  
Aries Agro Limited

Your Directors have pleasure in presenting their 43<sup>rd</sup> Annual Report on the operations of the Company together with the Audited Statements of Accounts for the Financial Year ended 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS

(Rs. In Lakhs)

PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
Total Revenue	18,999.06	19,694.09
Profit Before Tax Interest & Depreciation	3,688.75	3,930.76
Less: Interest	2100.54	2,091.88
Depreciation	184.77	188.64
Profit Before Tax	1,403.44	1,650.24
Provision for Taxation	7.85	546.00
Deferred Tax	424.80	6.01
<b>Profit After Tax</b>	<b>970.79</b>	<b>1,098.23</b>
Balance Brought Forward	4,894.77	4,227.63
Exceptional Items	36.65	53.62
Amount available for appropriation	5,828.91	5,272.24
General Reserve	100.00	150.00
Proposed Dividend	195.07	195.07
Tax on Proposed Dividend	33.15	32.40
Surplus Carried Forward to Balance Sheet	5,500.69	4,894.77

### OPERATIONS

During the year under review, the earnings before Interest, Depreciation and Tax was Rs. 3,688.75 Lakhs compared to Rs 3,930.75 Lakhs in the previous year. The Total Revenue for the year net of excise duty was Rs.18,675.87 Lakhs as against Rs. 19,162.38 Lakhs in the previous year reflecting in a decline of 2.54%. Profit after tax for the year was Rs. 970.79 Lakhs compared to Rs. 1,098.23 Lakhs in the previous year. Despite marginal reduction in turnover the profitability of the Company as a percentage has more or less remained flat.

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. 228.21 lakhs including Dividend Distribution Tax.

### TRANSFER TO RESERVES

Your Directors propose to transfer Rs. 100.00 Lakhs to the General Reserve out of the current year's profit and the Balance aggregating to Rs. 5,500.69 Lakhs is proposed to be retained in the Profit & Loss Account.

### FUTURE PROSPECTS

The Company is phasing out its plant protection range of traded products and shall continue with only manufactured products of Plantomycin and Agronaa under this category.

The Company has also identified a unique product for biological control of pests using horticultural mineral oil procured from one of India's largest Oil refining Company. This product will be launched in the name of Hortimin in two grades, one for apple crop and one for fruits and vegetables.

The Company understands that acute power shortages are causing extreme hardship to the farmers. Farm labour is required at odd hours to travel to the field to switch on/off and manage water pumps. To solve this problem, the Company is launching Aries Moto Control, which is a state of the art system to switch on/off and manage water flow in the fields using the farmer's mobile phone. This will ensure that farmers can save on labour costs and remotely manage their water pumps even if they are not physically present at or near the field.

The Company has also put in place a dedicated team to promote the product range in institutional, government and international markets. This focused activity may result in an increase of about Rs.1,000/- Lakhs to the Company's revenue . This trend is expected to continue.

### 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 26<sup>th</sup> December, 2007 and as amended by the members at their Annual General Meeting held on 29<sup>th</sup> 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 but discontinued the activity in the financial year 2012-13. The Company, however, incurred losses to the tune of Rs 5.96 Lakhs amongst others on account of amortisation and legal and professional charges.

The business operations of Aries Agro Equipments Pvt. Ltd. commenced in the year 2009-10 in agricultural sprayers. During the Financial Year 2012-13 the Company has a Turnover of Rs. 113.09 Lakhs with profit after tax of Rs. 7.73 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 2012-13 the Company has incurred a loss of Rs. 0.23 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 fifth year of operation, has generated a total sale of AED 244.35 Lakhs(INR 3,498.77 Lakhs) with a profit of AED 21.28 Lakhs(INR 304.73 Lakhs) for the year 2012-13.

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 third year of operation, has generated a total sale of AED 310.27 Lakhs(INR 4,442.63 Lakhs) with a profit of AED 18.15 Lakhs(INR 259.88 Lakhs) for the year 2012-13.

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 31<sup>st</sup> March, 2013 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**

Dr. Rahul Mirchandani and Mr. C. B. Chhaya retire by rotation at the forthcoming 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.

Mr. Bhumitra Vinodchandra Dholakia was appointed as an Additional Director on the Board of Directors of the Company with effect from

13<sup>th</sup> November, 2012 as an Independent Director. He ceases to be a Director on the date of the 43<sup>rd</sup> Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received in respect of his appointment as Director on the Board and accordingly his appointment is proposed as a Director at the forthcoming Annual General Meeting.

### **APPOINTMENT OF COST AUDITORS**

Pursuant to Section 233B of the Companies Act, 1956. Company has appointed M/s. R. Nanabhoy & Co., Cost Accountant, to conduct the audit of cost accounting records of its products for the financial year 2012-2013.

The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended March 31, 2012 was February 28, 2013 and the Cost Audit Reports were filed by the Cost Auditor on February 21, 2013.

Further M/s. R. Nanabhoy & Co., Cost Auditors were re-appointed as the Cost Auditor of the Company for the year ending 31-03-2014 by the Board of Directors at their meeting held on 30<sup>th</sup> May, 2013 after ensuring their eligibility and obtaining the letter of eligibility from them.

The Company's Cost Audit is completed as the Company is required to file the Cost Audit Report within 6 months of the end of the Financial Year-2012-13 i.e. on or before 30<sup>th</sup> September, 2013.

### **APPOINTMENT OF AUDITORS AND AUDIT REPORT**

M/s. Kirti D. Shah & Associates(Membership No. 32371), the Auditors of the Company retire at the forthcoming 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 2012-13											
Sr. No.	Name	Designation	Remuneration Received Rupees	Nature of Employment	Other Terms & Conditions	Nature of Duty	Qualification & Experience	Date of Commencement	Age	Last Employment held	% of Equity Shares held as on 31.03.2013
1	Dr. Jimmy Mirchandani	Chairman and Managing Director	73,42,875	Contractual	N.A.	Managing The Affairs of the Company	B. Sc. (Vet); LLB	15.01.1976	57	N.A.	26.23
2	Dr. Rahul Mirchandani	Executive Director	72,60,329	Contractual	N.A.	Managing The Affairs of the Company	B. Com; CFA; MBA; Ph.D	02.02.1994	37	N. A.	20.17

## **GREEN INITIATIVES**

The Company has started transmitting Annual Report through electronic mode—email to the shareholders who have preferred to receive Annual Report through electronic mode and initiated steps to reduce consumption of paper.

## **HUMAN RESOURCES**

Humans are considered as one of the most critical resources in the business which can be continuously smoothened to maximize the effectiveness of the Organization. Human resources build the Enterprise and the sense of belonging would inculcate the spirit of dedication and loyalty amongst them towards strengthening the Company's Policies and Systems. All personnel continue to have healthy, cordial and harmonious approach thereby enhancing the contributory value of the Company.

## **LISTING**

The Equity Shares of the Company are listed at BSE 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 31<sup>st</sup> March, 2014 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:-**

- Close monitoring of consumption of electricity, LPG, Diesel and water.
- Optimum use of Energy by Switching off Machines, Lights, Fans, Air Conditioners and Exhaust Systems whenever not required.
- Creating awareness among Workmen to conserve energy.

### **b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy;**

Solar system has been finalized for the manufacturing facility situated at Hyderabad.

### **c. Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

- Due to measures taken as described above, the overall power and fuel oil consumption at plants and office has reduced. However the cost of production on account of power has increased due to increase in cost per unit.

### **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 2012-2013	Previous Year 2011-2012
(a)	<b>1. Purchased: -</b>		
(i)	Unit (KWH)	630,633	7,65,087
(ii)	Total Amount (Rs.)	6,232,155	54,04,825
(iii)	Rate/Unit (Rs.)	9.88	7.06
(b)	<b>2. Own Generation: -</b>		
(i)	Coal	Not Applicable	Not Applicable
(ii)	Furnace Oil - KI	53,307	23,596
(iii)	Internal Generation – Units	187,351	97,110



## 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 Mumbai 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 of 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 <sup>st</sup> March, 2013	For the year ended 31 <sup>st</sup> March, 2012
	(Rupees)	(Rupees)
(I) Capital	97,546	52,506
(II) Recurring	26,53,776	21,85,106
(III) TOTAL	27,51,322	22,37,615
(IV) Total R & D expenditure as a % of		
a. Gross Turnover	0.14	0.12
b. Net Turnover	0.15	0.12

#### 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 11 countries with supplies from Indian and UAE factories. Distributors are being appointed on an own going basis and we expect export and global sales to continue to grow and form 25 % of the group revenues of the Company by Financial Year 2013-14

2. Total Foreign Exchange used and earned:

Used : Rs. 31,92,38,191/-

Earned: Rs. 3,36,06,545/-

#### 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 Brazil, Australia and Newzealand. International sales accounted for 32% percentage of total group consolidated revenue and we believe that in the next 2 years exports and global sales is expected to remain 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 DISCLOSURES

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. The Company has not resorted to any Buy Back of its shares during the year under review.

### 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: 14<sup>th</sup> August, 2013

**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 of which Three(3) are Independent Directors. The Independent Directors are eminent professionals, with experience in Nutrition, Management and Strategy, Banking, Corporate Laws 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	Prof. R.S.S. Mani
	Mr. Chakradhar Bharat Chhaya
	Dr. D. S. Jadhav*
	Mr. Bhumiitra Vinodchandra Dholakia**

\* Resigned from the Directorship w.e.f. 13.11.2012

\*\* Appointed as Additional Director w.e.f. 13.11.2012

#### (B) Attendance and Other Directorships

Attendance of Directors at Board Meetings, last Annual General Meeting and number of Directorships and Chairmanships/Memberships of Committees of each Director in various Companies as on 31<sup>st</sup> March, 2013 is as follows:-

Name of the Director & Designation and category	Attendance of Meetings during 2012-13		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 28 <sup>th</sup> September, 2012			
Dr. Jimmy Mirchandani Chairman & Managing Director (Promoter)(CMD)	3 (4)	Yes	2	NIL	Brother of ED and father of NED
Dr. Rahul Mirchandani Executive Director (Promoter)(ED)	4 (4)	Yes	3	NIL	Brother of CMD
Dr. D. S. Jadhav* Director Non Executive (Independent)	3(3)*	No	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)	3(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.
Mr. Bhumiitra Vinodchandra Dholakia** Director Non Executive (Independent)	1(1)**	NA	3	2 (including 2 as Chairman)	N.A.

\* Resigned from the Directorship w.e.f. 13.11.2012

\*\* Appointed as Additional Director w.e.f. 13.11.2012



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 supporting 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 14.05.2012, 14.08.2012, 12.11.2012 and 14.02.2013.

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 Senior Management Personnel have affirmed compliance to the Code of Conduct as on 31-03-2013, 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)
- Mr. Bhumitra V. Dholakia\*\* : Member (Independent Director)

\* Resigned from the Directorship w.e.f. 13.11.2012

\*\* Appointed as a Member w.e.f. 13.11.2012

The Chairman of the Audit Committee remains present at the Annual General Meeting. The previous Annual General Meeting of the Company was held on 28<sup>th</sup> September, 2012 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 14.05.2012, 14.08.2012, 12.11.2012 and 14.02.2013. 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*	3*
Dr. Rahul Mirchandani	4
Mr. Bhumitra V. Dholakia**	1**

\* Resigned from the Directorship w.e.f. 13.11.2012

\*\* Appointed as a Member w.e.f. 13.11.2012

The Statutory Auditors, Internal Auditors, Cost 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 (Resigned w.e.f. 13.11.2012), Prof. R. S. S. Mani, Mr. Chakradhar Bharat Chhaya and Mr. Bhumitra V. Dholakia (w.e.f. 13.11.2012) all Independent Directors, as members. Dr. D. S. Jadhav was the Chairman until he resigned w.e.f. 13.11.2012. Prof R. S. S. Mani was appointed as the Chairman of the Committee w.e.f. 13.11.2012. The Committee met once on 14.08.2012.

**(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 31<sup>st</sup> March 2013.**

- i) Managing Director and Executive Director.

The Agreements with the Chairman & Managing Director and Executive Director are for a period of three Years from 01.10.2012 to 30.09.2015.



The total remuneration paid to the Managing Director and Executive Director during the year 2012-13 was as under:

(Rupees)

Name	Salary	Commission	Contribution to Provident Fund/ Gratuity	Total
Dr. Jimmy Mirchandani Chairman & Managing Director.	46,97,275	23,00,000	3,45,600	<b>73,42,875</b>
Dr. Rahul Mirchandani Executive Director	45,42,729	23,00,000	4,17,600	<b>72,60,329</b>

Notes:

- a) The Agreements with the Managing Director, and Executive Director are for a period of three years upto 30<sup>th</sup> September, 2015. Either party to the Agreement is entitled to terminate by giving the other party a notice of 3 months.
  - b) 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.
  - c) Presently, the Company does not have a scheme for grant of Stock Options to its Working Directors
  - d) The Managing Director and Executive Director are entitled to Commission within the overall limit prescribed under sections 198 & 309 of the Companies Act, 1956.
- ii) 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 2012-13, the Company has paid total Sitting Fee of Rs. 5,05,000/- to Non Executive Directors as under:
- |                        |                  |
|------------------------|------------------|
| Dr. D. S. Jadhav *     | Rs. 1,00,000.00* |
| Prof. R. S. S. Mani    | Rs. 1,35,000.00  |
| Mr. Akshay Mirchandani | Rs. 60,000.00    |
| Mr. C. B. Chhaya       | Rs. 1,80,000.00  |
| Mr. B. V. Dholakia**   | Rs. 30,000.00**  |

\* Resigned from the Directorship w.e.f. 13.11.2012

\*\* Appointed as Additional Director w.e.f. 13.11.2012

#### 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 met once during the year.

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 31<sup>st</sup> March, 2013 is given below:

	Nature of Complaint	Opening	No. of Complaints Received	Redressed	Pending
1.	Non- receipt of Dividend Warrants	0	2	2	0
2.	Complaint from SEBI	0	1	1	0
	<b>TOTAL</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>

The "SCORES" website of SEBI for redressing of Grievances of the investors is being visited at regular intervals by the Company Secretary and there are no pending complaints registered with SCORES for the Financial Year ended on 31<sup>st</sup> March, 2013.

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](mailto:investorrelations@ariesagro.com).

The Web Site address of the Company is [www.ariesagro.com](http://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 28<sup>th</sup> 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 <sup>st</sup> 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.
31 <sup>st</sup> March, 2011	29-09-2011	10.00 a.m.	The Chembur Gymkhana, 16 <sup>th</sup> Road, Chembur, Mumbai-400 071	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.
31 <sup>st</sup> March, 2012	28-09-2012	10.00 a.m.	The Chembur Gymkhana, 16 <sup>th</sup> Road, Chembur, Mumbai-400 071	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. 01.10.2012.

(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.



- (e) **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.
- (f) **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.
- (g) **Mechanism for evaluating Non-Executive Board Members:** Non Executive Members of the Board are highly qualified and there is no need for evaluation.
- (h) **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.
- (i) **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.
- (j) **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.
- (k) **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
Mr. Bhumitra V. Dholakia**	NIL

\* Resigned from the Directorship w.e.f. 13.11.2012

\*\* Appointed as Additional Director w.e.f. 13.11.2012

## 9. MEANS OF COMMUNICATION

**Website:** The Company's website [www.ariesagro.com](http://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 11<sup>th</sup> 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 43<sup>rd</sup> Annual General Meeting of the Shareholders will be held on Monday, 30<sup>th</sup> September, 2013 at 10.00 a.m.

Venue: The Chembur Gymkhana, 16<sup>th</sup> Road, Chembur, Mumbai – 400 071.

### (ii) Financial Calendar:-

For the year ending 31<sup>st</sup> March, 2014 the Financial Results will be announced on:

First Quarter	: On or before 14th August, 2013
Half year	: On or before 14th November, 2013
Third Quarter	: On or before 14th February, 2014
Yearly	: On or before 30 <sup>th</sup> May, 2014

### (iii) Date of Book Closure: - Saturday, 21<sup>st</sup> September, 2013 to Monday, 30<sup>th</sup> September, 2013 (both days inclusive)

### (iv) Dividend, if any, declared by the Members in the ensuing Annual General Meeting will be paid on 25<sup>th</sup> October, 2013.

### (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 2013-2014 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 31<sup>st</sup> March, 2013

Month	Highest		Lowest	
	Rate (Rs.)	Date	Rate (Rs.)	Date
April, 2012	81.90	30.04.2012	74.00	25.04.2012 27.04.2012
May, 2012	77.80	02.05.2012	60.00	23.05.2012
June, 2012	70.25	11.06.2012	58.75	29.06.2012
July, 2012	67.90	06.07.2012	54.00	31.07.2012
August, 2012	62.95	24.08.2012	49.60	31.08.2012
September, 2012	57.80	28.09.2012	48.50	07.09.2012
October, 2012	74.20	04.10.2012	54.25	01.10.2012
November, 2012	72.05	12.11.2012	61.75	30.11.2012
December, 2012	70.50	12.12.2012	60.50	11.12.2012
January, 2013	68.25	04.01.2013	53.00	31.01.2013
February, 2013	56.00	01.02.2013	41.60	20.02.2013
March, 2013	46.45	11.03.2013 13.03.2013	37.00	28.03.2013

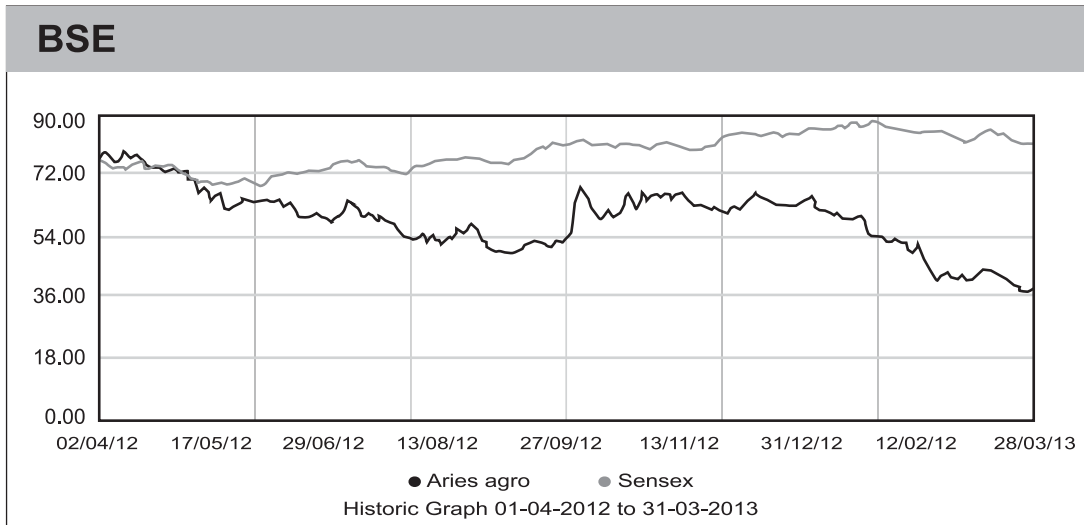
Monthly Share Price Data of the Company's shares on NSE for the year ended 31<sup>st</sup> March, 2013

Month	Highest		Lowest	
	Rate (Rs.)	Date	Rate (Rs.)	Date
April, 2012	86.50	13.04.2012	73.50	27.04.2012
May, 2012	78.90	08.05.2012	58.85	23.05.2012
June, 2012	68.40	06.06.2012	57.65	18.06.2012
July, 2012	67.70	06.07.2012	53.50	30.07.2012
August, 2012	60.80	24.08.2012	49.50	31.08.2012
September, 2012	57.70	28.09.2012	48.15	10.09.2012
October, 2012	74.35	04.10.2012	53.50	01.10.2012
November, 2012	72.45	12.11.2012	61.40	20.11.2012
December, 2012	72.80	12.12.2012	62.30	03.12.2012
January, 2013	68.40	04.01.2013	53.10	31.01.2013
February, 2013	56.50	04.02.2013	41.30	20.02.2013 26.02.2013
March, 2013	46.55	11.03.2013	36.90	26.03.2013

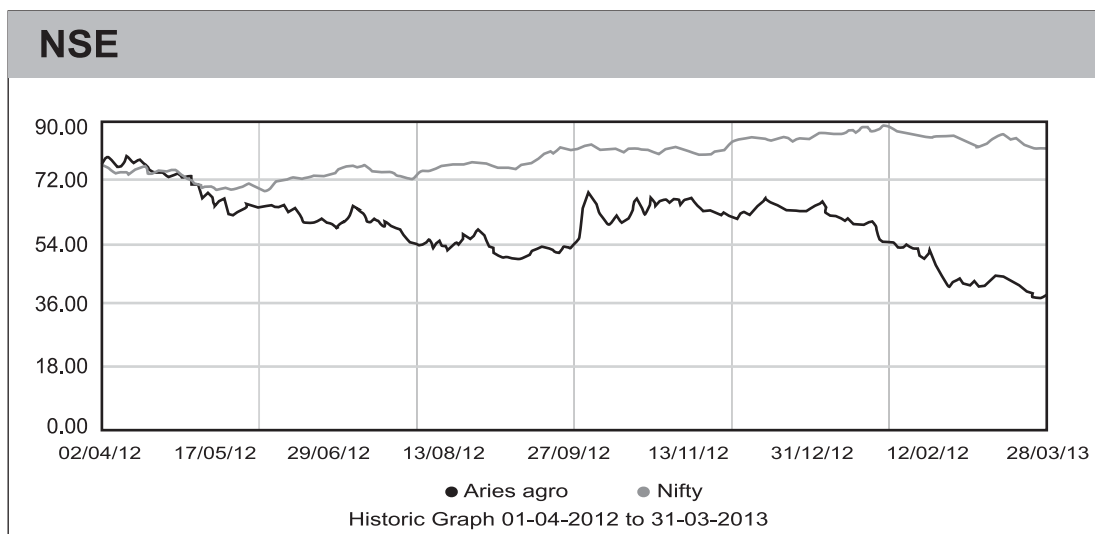


(ix) Performance in comparison to BSE & NSE Sensex

Historic Graphs



Historic Graphs



(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@arthiconsultants.com](mailto:info@arthiconsultants.com)

(xi) Share Transfer System

Aarthi Consultants Private Limited processes transfer of shares held in Physical form and sends to the Company.

The powers for approval of share transfers are delegated as under:

Upto 1000 Shares : Mr. S. Ramamurthy, Chief Financial Officer and Mr. Qaiser P. Ansari, Company Secretary,



1000 to 5000 Shares : Dr. Jimmy Mirchandani, Chairman & Managing Director or Dr. Rahul Mirchandani, Executive Director  
above 5000 Shares : Share Holders/Investors Grievance Committee

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 31<sup>st</sup> March 2013**

Shareholding of Nominal Value		Shareholders			Share Amount	
From	To	Number	No of Shares	% of Total	Rupees	% of Total
1	5000	7513	866924	84.87	8669240	6.67
5001	10000	714	521696	8.07	5216960	4.01
10001	20000	314	467756	3.55	4677560	3.60
20001	30000	105	262252	1.19	2622520	2.02
30001	40000	48	167178	0.54	1671780	1.29
40001	50000	47	220495	0.53	2204950	1.70
50001	100000	56	420869	0.63	4208690	3.24
100001	And above	55	10077169	0.62	100771690	77.49
<b>TOTAL</b>		<b>8852</b>	<b>13004339</b>	<b>100.00</b>	<b>130043390</b>	<b>100.00</b>

(2) **Distribution of shareholding according to categories of shareholders as on 31<sup>st</sup> March, 2013**

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	1100000	110000000	8.46
NRIs / OCBs/FIIs	496162	4961620	3.81
Other Bodies Corporate	1299172	12991720	9.99
Public	3250029	32500290	24.99
<b>Total</b>	<b>13004339</b>	<b>130043390</b>	<b>100.00</b>

For the purpose of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011, the following Companies are to be considered as Group Companies belonging to Promoters Group.

Sr. No.	Name of the Companies	Shareholding as on 31.03.2013
1.	Sreeni Agro Chemicals 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 31<sup>st</sup> March, 2013**

Name of Depository	No. of Shareholders	No. of Shares	% of Capital
NSDL	5840	11284728	86.78
CDSL	2842	1384520	10.65
<b>Sub-Total</b>	<b>8682</b>	<b>12669248</b>	<b>97.43</b>
Physical Mode	170	335091	2.57
<b>Grand Total</b>	<b>8852</b>	<b>13004339</b>	<b>100.00</b>

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



(xv) **Plant Location: -**

Location	Address
Mumbai, Maharashtra	• ARIES House, Plot No. 24, Deonar, Govandi(E), Mumbai-400 043, Maharashtra
Kolkata, West Bengal	• Gopalpur, Chandigarh, Distt-North 24 Parganas. P. S. Barasat-700 132, West Bengal
Hyderabad, Andhra Pradesh	• 244-246, 250-252, IDA Phase-II, Pashamylaram, Patancheru Mandal, Medak Dist., Andhra Pradesh
Bangalore Karnataka	• 8-B, Attibele Industrial Area, Hosur Main Road, Attibele, Bangalore - 562 107, Karnataka
Chhatral, Gujarat	• 1202/1 & 1202/2, Village: Rajpur, Taluka: Kadi, Distt: Mehsana, 382 740, Gujarat
Lucknow, Uttar Pradesh	• 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](mailto: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](mailto:investorrelations@ariesagro.com)  
Web Site: [www.ariesagro.com](http://www.ariesagro.com)

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## 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 31<sup>st</sup> March, 2013, 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<sup>th</sup> August, 2013



## **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<sup>th</sup> August, 2013

## **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 31<sup>st</sup> March, 2013 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  
14<sup>th</sup> August, 2013



## 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 2012-13 and the total capacity utilization currently stands at 45 percent 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 38% of the total installed capacity overseas.

The Company's new manufacturing facility at Chhatral, near Ahmedabad was inaugurated on 17<sup>th</sup> October, 2012 and has since been fully commissioned.

The factory currently produces multi micronutrient fertilisers including a new fast selling specialty nutrition product, Fertisol.

The Company has also improved the cost structure of products being manufactured at Chhatral by changing the fuel source from diesel to natural gas.

We have thereafter closed down the Sanand manufacturing facility as the same was on Leased Premises.

For the second consecutive year, 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 47% of its total raw materials from overseas suppliers located in China, Israel, Turkey, U.A.E., U.S.A, U.K., Belgium, Netherlands, Japan and South Africa. Imports constitute 58% 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 2012-13 have resulted in a foreign exchange loss of over Rs. 2.60 Crores in total during the year under review.

### INDUSTRY TRENDS

2012-13 monsoons were highly erratic until August 2012. The shortfall in rain was as high as 20% below long period average and the monsoons were being discussed as the worst in 65 years. However, the drought affected areas received some respite towards the end of the season and the four month long rainfall season drew to a close with a rain deficit of 8% as per Indian Meteorological department. This unpredictable monsoon season across space and time led to a very haphazard progress of the Kharif season.

The second half of the year water woes were further amplified with labour and power shortages. Acute power unavailability in almost all southern states and in many other parts of the country led to a situation where despite reservoirs and water table being adequate, farmers were unable to draw water using electric pump sets due to shortage of electricity for several hours in a day. This emergence of a new variable of power as an uncertainty in the agricultural sector has led to further realignment of our marketing strategy to focus more on areas where not only water but also electricity are more predictably available.

Overall the sector is going through a major shift in trends and the Company is taking steps to re- assess and re-focus our products and marketing efforts.

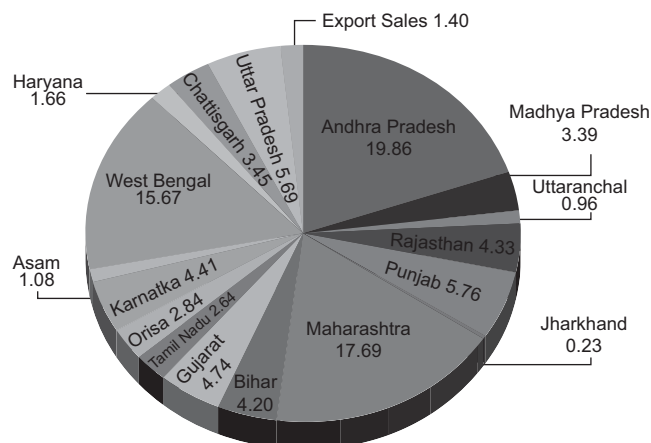
The summary of the statewide revenue growth is as under:

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
Bihar	West Bengal	Punjab	Maharashtra, Jharkhand, Uttaranchal, Tamil Nadu, Gujarat, Assam, Karnataka, Chattisgarh, Uttar Pradesh, Haryana, Orissa, Andhra Pradesh, Madhya Pradesh & Rajasthan

It is also noteworthy that international business increased by 17% and now constitutes 32% of the total revenue of the Aries Group.



#### STATEWISE SHARE OF REVENUES



#### INTEREST COSTS

Aries' business is working capital intensive and necessitates providing seasonal credit to dealers and distributors and maintaining inventories at 26 depots and 5 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 been on the higher side. However, in absolute terms in the year under review showed a decrease in interest cost by Rs.1.17 Crores .

#### COST MANAGEMENT

The rising costs of raw materials, fuel, processing, labour and interest rates continue to remain a cause of concern and have impacted the Company during the entire financial year. Though the Company has raised its billing rates in all 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

As part of cost control and revised market penetration strategy it was considered prudent to place stringent controls on man power deployed in various areas. The manpower was reduced from 765 to 748 in the year under review. Considering how the season progresses in 2013-14, the Company shall make decisions on recruitment of staff.

#### GLOBAL DISTRIBUTION

International sales have commenced in Sri Lanka, Bangladesh, Pakistan, Equador, Brazil, USA, Taiwan, Kenya, Vietnam, Australia

and New Zealand with supplies from Indian and UAE factories. Distributors have been appointed in Brazil, Equador, Sri Lanka and New Zealand and we expect export and global sales to continue to grow and form 35% of the group revenues of the Company by Financial Year 2013-14.

#### OUTLOOK

The 2013 monsoons have commenced on schedule and all indications based on the Meteorological Dept. forecasts shows that the summer season will see the country receive 96 - 104% of its long period average rainfall. This 'near normal' forecast sounds positive and we hope the spread and timing of the rain is also appropriate.

The Company will be introducing additional 3 products during the year 2013-14 including Hortimin, Moto Control and Agri Plex.

However, we shall also be progressively phasing out 5 of the products which are very similar to existing products in the range to avoid some amount of duplication and to 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 (AS-17) " Segment Reporting " specified in the Company's ( Accounting Standard ) Rules, 2006 .

#### 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, 2013 decreased marginally to Rs. 18,675.88 Lakhs from Rs. 19,162.38 Lakhs in the previous year, registering a decline of 2.54%.

Total expenses for the year were Rs. 17,595.61 Lakhs as against Rs. 18,043.86 Lakhs in the previous year.

Profit Before Tax decreased to Rs. 1,403.44 Lakhs during the year as against Rs. 1,650.24 Lakhs in the previous year. The decrease in Profit Before Tax translates to 15 % due to increase in the input costs and inability to pass on the entire burden of increase in the cost.

Tax provision for the year was Rs. 432.66 Lakhs as against Rs. 552.01 Lakhs in the previous year which translates to 2.32 % on FY 12-13 Sales.

Profit After Tax for the year was Rs. 970.79 Lakhs as against Rs. 1,098.23 Lakhs in the previous year which is 5.20 % of FY 12-13 Sales.



## RESOURCES AND LIQUIDITY

As on March 31, 2013, the net worth of the Company stood at Rs. 12,481.05 Lakhs as against Rs. 11,775.14 Lakhs.

As on March 31, 2013, the Company had a Debt / Equity ratio of 1.19. The Company has not raised any Fixed Deposits from the public.

## HUMAN RESOURCES

As at the end of the financial year there were 748 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 149 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	48
2.	Semi-Skilled	8
3.	Unskilled	93
	<b>Sub- Total</b>	<b>149</b>
4.	Contract Labour	112
	<b>TOTAL</b>	<b>261</b>

The Department wise breakup of our manpower is as under:

Sr. No	Name of the Department	No. of Staff
1.	Directors	2
2.	Accounts, Personnel & Administration, Legal & Secretarial	155
3.	Production (Staff and Workers), R&D and Spray Dry Operators	198
4.	Sales	393
	<b>TOTAL</b>	<b>748</b>

## 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.

### Spreading Knowledge:

Aries continues to strongly support activities of the Confederation of the Indian Industry's Young Indian Farmer Network. **Over 2742 knowledge dissemination activities were undertaken during the year under review impacting 73599 farmers**

Aries organized various state level farmer's conference at Andhra Pradesh, Maharashtra, Bihar, Gujarat, Haryana, Punjab, Rajasthan, Uttar Pradesh and Odisha, 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 the states.

A mass awareness campaign using Krishi Vigyan Vahans (KVV) was conducted to reach out to remote area farmers in the State of Chhattisgarh as part of the Gram Swaraj Abhiyan organized by Government of Chhattisgarh during the year.

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.

### Extension Activities / Farmer Training / Farmer Study Tours

This year Aries continued to identify 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 show 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 Andhra Pradesh 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 1763 Soil Health Cards were issued to farmers 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 Nasik and West Bengal and about 848 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 knowledge sharing activities and continuous connect with Research Institutions, our commitment to use knowledge as a catalyst for building agricultural productivity remains steadfast. In addition, our products remain environmentally sensitive and we ensure minimum adverse reactions to the soil and related eco systems.

Through its products and passion, Aries continually demonstrates that it is a responsible corporate citizen, working hard to retain the delicate balance of nature and the development of communities where it works and grows.



## INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF  
ARIES AGRO LIMITED  
Mumbai.**

### Report on the Financial Statements

We have audited the accompanying financial statements of **ARIES AGRO LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;

- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the director is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Place : MUMBAI  
Date : 30<sup>th</sup> May, 2013

**Kirti D. Shah**  
Proprietor  
Membership No. 032371



## 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 has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- 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.
- 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.
- 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 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.
- iii. a. The Company has granted loans to six parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the period ended 31/03/2013 is Rs. 390,504,246/- ( Previous Year Rs. 360,699,354/- ) and closing balance as on 31/03/2013 is Rs. 251,559,188/- ( Previous Year Rs. 261,499,704/- )
- 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.
- 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.
- 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 10,500,000/- (Previous Year Rs. 23,500,000/-) and closing balance as on 1/03/2013 is Rs. NIL (Previous Year Rs. NIL)
- e. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable.
- 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 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 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
- 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 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.
- 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 except occasional delays. As per the information given by the management and apparent from the records the undisputed liabilities as on 31st March 2013 is NIL.
- 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 2013 is as per Annexure I.
- 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.
- 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.
- 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**  
Chartered Accountants  
Firm Registration No. 115133W

**Kirti D. Shah**  
Proprietor  
Membership No. 032371

Place : MUMBAI  
Date : 30<sup>th</sup> May, 2013

**ANNEXURE I TO AUDITORS REPORT (CLAUSE IX-B)**  
**Details of disputed statutory dues outstanding as on 31st March, 2013**

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
			<b>Total</b>	<b>268,173</b>
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
			<b>Total</b>	<b>5,456,030</b>

**Claims against the Company not acknowledged as Debts**

Period to which payment relates	Forum where the dispute is pending	Particulars of Dispute	Amount Disputed Rs.
F Y 2000-01	City Civil Court, Ahmednagar	M/s Amrut Chicks Pvt. Ltd. – Quality Issue	1,700,000/-
F Y 2007-08	City Civil Court, Jalgaon	M/s Vinita Chemipharma Corporation - Quality Issue	246,000/-
F Y 2006-07	Consumer Redressal Forum, Lucknow (UP)	Mr. Kamlesh Kumar – Quality Issue	35,000/-
F Y 2010-11	District Consumer Forum, Nizamabad (AP)	Mr. K. Srinivasa Rao – Quality Issue	591,750/-
F Y 2012-13	Consumer Redressal Forum, Ratlam	Mr. Shivnarayan & Others – Quality Issue	600,000/-
		<b>Total</b>	<b>31,72,750/-</b>



### Balance Sheet as on 31st March, 2013

Particulars	Note No.	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
(1) <b>Shareholder's Funds</b>			
(a) Share Capital	3	130,043,390	130,043,390
(b) Reserves and Surplus	4	1,191,777,683	1,123,990,892
		<u>1,321,821,073</u>	<u>1,254,034,282</u>
(2) <b>Non-Current Liabilities</b>			
(a) Long Term Borrowings	5	161,049,973	162,357,847
(b) Deferred Tax Liabilities (Net)	6	63,868,755	21,388,120
(c) Long Term Provisions	7	5,965,690	4,786,382
		<u>230,884,418</u>	<u>188,532,349</u>
(3) <b>Current Liabilities</b>			
(a) Short Term Borrowings	8	1,261,259,816	957,541,563
(b) Traded Payables	9	320,333,013	329,953,755
(c) Other Current Liabilities	10	184,238,751	287,621,553
(d) Short Term Provisions	11	52,200,404	75,484,891
		<u>1,818,031,984</u>	<u>1,650,601,762</u>
<b>TOTAL</b>		<u><u>3,370,737,475</u></u>	<u><u>3,093,168,393</u></u>
<b>II. ASSETS</b>			
(1) <b>Non-Current Assets</b>			
(a) <b>Fixed Assets</b>	12		
(i) Tangible Assets		365,578,920	290,523,594
(ii) Intangible Assets		3,869,271	6,730,029
(iii) Capital Work-in-Progress		136,118,332	199,357,553
(b) Non-Current Investments	13	202,781,300	202,779,000
		<u>708,347,823</u>	<u>699,390,176</u>
(2) <b>Current Assets</b>			
(a) Inventories	14	1,023,978,738	1,028,238,763
(b) Trade Receivables	15	824,432,004	685,604,678
(c) Cash & Cash Equivalents	16	202,957,129	180,902,772
(d) Short Term Loans and Advances	17	611,021,781	499,032,005
		<u>2,662,389,652</u>	<u>2,393,778,217</u>
<b>TOTAL</b>		<u><u>3,370,737,475</u></u>	<u><u>3,093,168,393</u></u>
<b>Significant Accounting Policies &amp; The Notes to Accounts 1 to 33 form part of these Financial Statements</b>			

**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**  
Chairman & Managing Director

**Dr. Rahul Mirchandani**  
Executive Director

**Mr. Akshay Mirchandani**  
Director

**Prof R S S Mani**  
Director

**Mr. C. B. Chhaya**  
Director

**Mr. B. V. Dholakia**  
Additional Director

**Mr. S. Ramamurthy**  
Chief Financial Officer

**Mr. Qaiser P. Ansari**  
Company Secretary

Place : Mumbai.  
Date : 30th May, 2013



### Statement of Profit and Loss for the year ended 31st March, 2013

Particulars		Note No.	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
I.	Revenue from Operations	18	1,867,587,607	1,916,238,048
II.	Other Income	19	32,318,127	53,171,513
III.	Total Revenue ( I + II )		<u>1,899,905,733</u>	<u>1,969,409,561</u>
IV.	Expenses :			
(a)	Consumption of Materials	20	813,769,925	983,271,834
(b)	(Increase) / Decrease in Inventories of Finished Goods	21	(75,206,616)	(168,567,375)
(c)	Employee Benefits Expense	22	204,625,841	186,068,314
(d)	Finance Costs	23	210,053,895	209,188,292
(e)	Depreciation	12	18,476,595	18,864,088
(f)	Other Expenses	24	587,841,749	575,560,429
	Total Expenses		<u>1,759,561,390</u>	<u>1,804,385,581</u>
V.	Profit Before Tax ( PBT ) - ( III - IV )		140,344,343	165,023,980
VI.	Provision for Taxation			
(i)	Tax Expense			
	Current Tax		28,000,000	54,100,000
	Less :- Mat Credit Entitlement		(27,590,000)	-
	Deferred Tax		42,480,635	600,906
(ii)	Wealth Tax		375,000	500,000
			<u>43,265,635</u>	<u>55,200,906</u>
VII.	Profit after Tax (PAT) - ( V - VI )		97,078,708	109,823,074
	Less :- Short Provision for Tax in Earlier Years		3,665,844	5,362,522
VIII.	Profit / (Loss) for the period		<u>93,412,864</u>	<u>104,460,552</u>
IX	Earnings per Equity Share...			
(1)	Basic & Diluted	25	7.18	8.03

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

#### For and on behalf of the Board

**Dr. Jimmy Mirchandani**  
Chairman & Managing Director

**Dr. Rahul Mirchandani**  
Executive Director

**Mr. Akshay Mirchandani**  
Director

**Prof R S S Mani**  
Director

**Mr. C. B. Chhaya**  
Director

**Mr. B. V. Dholakia**  
Additional Director

**Mr. S. Ramamurthy**  
Chief Financial Officer

**Mr. Qaiser P. Ansari**  
Company Secretary

Place : Mumbai.  
Date : 30th May, 2013



### Statement of Cash Flows for the year ended 31st March, 2013

Rupees in Lakhs

Particulars	2012-13	2011-12
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax as per Profit and Loss Account	1,403.44	1,650.24
<b>Adjusted for :</b>		
Loss on Sale of Assets (net)	100.72	43.65
Depreciation	184.77	188.64
Proposed Dividend	(195.07)	(195.07)
Dividend Distribution Tax	(33.15)	(32.40)
Interest Income	(313.73)	(524.91)
Finance Costs	2,100.54	2,091.88
	<b>1,844.08</b>	<b>1,571.81</b>
Operating Profit before Working Capital Changes	<b>3,247.53</b>	<b>3,222.05</b>
<b>Adjusted for :</b>		
Trade Receivables	(1,388.27)	(1,968.98)
Inventories	42.60	(1,863.13)
Trade Payable	(96.21)	(859.26)
Other Payable	(1,254.88)	(336.38)
	<b>(2,696.76)</b>	<b>(5,027.75)</b>
Cash Generated from Operations,	<b>550.77</b>	<b>(1,805.70)</b>
Net Prior Year Adjustments	(36.66)	(53.63)
Taxes Paid	(7.85)	(546.00)
	<b>(44.51)</b>	<b>(599.63)</b>
Net Cash from Operating Activities	<b>506.26</b>	<b>(2,405.33)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(542.79)	(211.96)
Sale of Fixed Assets	139.70	62.42
Purchase of Investment	(0.02)	(221.70)
Movement in Short Term Loans and Advances	(1,119.90)	783.57
Interest Income	313.73	524.91
Net Cash ( used in) Investing Activities	<b>(1,209.28)</b>	<b>937.25</b>
<b>C) CASH FLOW FROM FINANCIAL ACTIVITIES:</b>		
Long Term Borrowings ( Net )	(13.08)	(701.27)
Short Term Borrowings ( Net )	3,037.18	2,046.57
Interest Paid	(2,100.54)	(2,091.88)
Net Cash ( used in ) / from financing activities	<b>923.56</b>	<b>(746.58)</b>
Net Increase in Cash and Cash Equivalents	<b>220.54</b>	<b>(2,214.66)</b>
Opening Balance of Cash and Cash Equivalents	<b>1,809.03</b>	<b>4,023.68</b>
Closing Balance of Cash and Cash Equivalents	<b>2,029.57</b>	<b>1,809.03</b>

**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 : 30th May, 2013

**For and on behalf of the Board**

**Dr. Jimmy Mirchandani**  
Chairman & Managing Director

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Executive Director

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Director

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**Mr. B. V. Dholakia**  
Additional Director

**Mr. S. Ramamurthy**  
Chief Financial Officer

**Mr. Qaiser P. Ansari**  
Company Secretary



## Notes to the Financial Statements for the year ended 31st March, 2013

### 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 Branch of agro protection, 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. 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.



## Notes to the Financial Statements for the year ended 31st March, 2013

### 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 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 tax and value added tax (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, 2013

(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 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 profit & loss account.

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 profit and loss account.

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.



## Notes to the Financial Statements for the year ended 31st March, 2013

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 Financial Statements for the year ended 31st March, 2013

### 3. SHARE CAPITAL

	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
<b>Authorised Share Capital</b>		
15,000,000 Equity Shares of Rs. 10/- each	150,000,000	150,000,000
<b>Total</b>	<b>150,000,000</b>	<b>150,000,000</b>
<b>Issued, Subscribed and Paidup</b>		
13,004,339 Equity Shares of Rs.10/- each.	130,043,390	130,043,390
<b>Total</b>	<b>130,043,390</b>	<b>130,043,390</b>

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 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 during the Financial Year 2006-07 by capitalisation of Rs. 91.46 Lacs from Securities Premium Account and Rs. 78.61 Lacs from Statement of Profit and Loss.

### 3.3 Reconciliation of Number of Shares Outstanding

Particulars	As at 31 March, 2013 No. of Shares	As at 31 March, 2012 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	<b>13,004,339</b>	<b>13,004,339</b>

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

Name of the Shareholder	No. of Shares	As at 31st March, 2013 % Held	No. of Shares	As at 31st March, 2012 % Held
(i) Dr. Jimmy Mirchandani	3,410,955	26.23%	3,410,955	26.23%
(ii) Dr. Rahul Mirchandani	2,623,221	20.17%	2,623,221	20.17%
(iii) SBI MF - Magnum Comma Fund	1,100,000	8.46%	1,050,000	8.07%

### 4. RESERVES AND SURPLUS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Securities Premium Reserve</b>		
As per last Balance Sheet	490,037,050	490,037,050
	<b>490,037,050</b>	<b>490,037,050</b>
<b>Revaluation Reserve</b>		
As per last Balance Sheet	76,520,206	79,324,639
Less : Depreciation on Revalued assets	2,804,433	2,804,433
	<b>73,715,773</b>	<b>76,520,206</b>
<b>General Reserves</b>		
As per last Balance Sheet	67,956,310	52,956,310
Add : Transfer from Profit & Loss A/c	10,000,000	15,000,000
	<b>77,956,310</b>	<b>67,956,310</b>



## Notes to the Financial Statements for the year ended 31st March, 2013

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Surplus in the Statement of Profit and Loss</b>		
As per last Balance Sheet	489,477,326	422,763,071
Add:- Profit for the year	93,412,864	104,460,552
	582,890,190	527,223,622
Less:- Appropriations		
Transfer to General Reserve	10,000,000	15,000,000
Proposed Dividend on Equity Shares { Dividend Per Share Rs. 1.50 (Previous Year Re 1.50) }	19,506,509	19,506,509
Dividend Distribution Tax	3,315,131	3,239,787
	32,821,640	37,746,296
	550,068,551	489,477,326
<b>Total</b>	<b>1,191,777,683</b>	<b>1,123,990,892</b>

### 5. LONG TERM BORROWINGS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Secured Term Loans</b>		
Term Loans from Banks	144,815,801	142,795,433
Term Loans from Companies	-	48,048
	144,815,801	142,843,481
<b>Un-Secured Term Loans</b>		
Term Loans from Banks	16,234,172	19,514,366
	16,234,172	19,514,366
<b>Total</b>	<b>161,049,973</b>	<b>162,357,847</b>

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

	As at 31-3-2013	As at 31-3-2012
(a) Secured by way of Charge on the Company's Motor Vehicles.	4,656,355	8,900,285
(b) Foreign Currency Term Loan which is secured by way of Equitable Mortgage of Land and Building and personal guarantee of Directors.	94,617,696	118,301,455
(c) Secured by way of Primary Charge on all Fixed Assets at Mouje Rajpur, Gujarat and personal guarantee of Directors.	45,541,750	15,593,693
	144,815,801	142,795,433

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

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

Particulars	F Y 2013-14*	F Y 2014-15	F Y 2015-16	F Y 2016-17 and Beyond
(a) Term Loans from Banks	55,806,484	90,210,807	49,063,244	5,541,750
(b) Term Loans from Companies	48,048	-	-	-

\* Refer Note No. 10

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

Particulars	F Y 2013-14*	F Y 2014-15	F Y 2015-16	F Y 2016-17 and Beyond
(a) Term Loans from Banks	32,80,194	36,96,205	41,64,976	83,72,991

\* Refer Note No. 10



## Notes to the Financial Statements for the year ended 31st March, 2013

### 6. DEFERRED TAX LIABILITY

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Deferred Tax Liability</b>		
Related to Fixed Assets : Impact of difference between income tax depreciation and depreciation charged for the financial reporting.	<b>66,134,592</b>	23,370,073
Gross Deferred Tax Liability	<b>66,134,592</b>	23,370,073
<b>Deferred Tax Assets</b>		
Disallowance under the Income Tax Act, 1961 U/s 43B	<b>2,265,837</b>	1,981,953
Gross Deferred Tax Asset	<b>2,265,837</b>	1,981,953
<b>Net Deferred Tax Liability</b>	<b>63,868,755</b>	21,388,120

### 7. LONG TERM PROVISIONS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Employee Related</b>		
Provision for Leave Salary	<b>5,965,690</b>	4,786,382
	<b>5,965,690</b>	4,786,382

### 8. SHORT TERM BORROWINGS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Secured Borrowings</b>		
Working Capital Facilities from Banks	<b>983,514,438</b>	895,289,195
<b>Un-Secured Borrowings</b>		
Working Capital Facilities from Banks	<b>150,000,000</b>	-
Security Deposits	<b>127,745,378</b>	62,252,368
<b>Total</b>	<b>1,261,259,816</b>	957,541,563

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 :

	As at 31-3-2013	As at 31-3-2012
a) Loans repayable on demand	<b>85,000,000</b>	397,500,000
b) Cash Credit Facilities	<b>588,695,816</b>	320,042,434
c) Buyers Credit	<b>238,651,765</b>	177,746,761
d) Short Term Loan	<b>71,166,858</b>	-
	<b>983,514,438</b>	895,289,195

8.3 Working Capital Facilities from Banks shown under Un-Secured Borrowings includes Farmer Loan which is secured by way of Personal Guarantee of Directors.

### 9. TRADE PAYABLES

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Creditors for Goods	<b>213,986,495</b>	231,715,399
Creditors for Expenses	<b>71,313,990</b>	57,461,359
Outstanding Expenses	<b>35,032,527</b>	40,776,997
<b>Total</b>	<b>320,333,013</b>	329,953,755

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, 2013. 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 Financial Statements for the year ended 31st March, 2013

### 10. OTHER CURRENT LIABILITIES

	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
Current Maturities of Long Term Debt ( Refer Note No. 5.3 & 5.4 )	59,134,726	118,898,890
Interest Accrued but not due on Borrowings	749,527	1,297,515
Unclaimed Dividend	1,412,568	1,240,222
Unclaimed Share Application Money	580,840	580,840
Advance/Credits from Customers	87,230,107	123,668,745
Dues to Directors	12,639,680	14,744,750
Statutory Dues	15,189,958	9,024,578
Other Payables	7,301,345	18,166,013
<b>Total</b>	<b>184,238,751</b>	<b>287,621,553</b>

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

	As at 31-3-2013	As at 31-3-2012
(a) Secured Term Loans from Banks	55,806,484	115,905,516
(b) Secured Term Loans from Companies	48,048	82,368
(c) Un-Secured Term Loans from Banks	3,280,194	2,911,006
	<b>59,134,726</b>	<b>118,898,890</b>

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

	As at 31-3-2013	As at 31-3-2012
(a) Secured by way of Charge on the Company's Motor Vehicles.	4,193,024	6,576,118
(b) Foreign Currency Term Loan which is secured by way of Equitable Mortgage of Land and Building and personal guarantee of Directors.	31,613,460	105,730,854
(c) Axis Bank Ltd by way of Primary Charge on all Fixed Assets at Mouje Rajpur, Gujarat and personal guarantee of Directors.	20,000,000	3,598,544
	<b>55,806,484</b>	<b>115,905,516</b>

10.3 Secured Term Loans from Companies included in Current Maturities of Long Term Debt to the extent of Rs. 48,048/- 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. 3,280,194/- are secured by way of Charge on personal Assets of Directors and guaranteed by the Directors.

10.5 Unclaimed Dividend do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

10.6 Unclaimed Share Application Money do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

10.7 Statutory Dues includes Indirect Taxes, Tax Deducted at Source, Bonus, Provident Fund, ESIC and Profession Tax.

10.8 Other Payables includes Book Overdrafts.

### 11. SHORT TERM PROVISIONS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Employee Related</b>		
Provision for Gratuity	2,352,037	5,263,677
Provision for Leave Salary	1,016,858	1,179,762
<b>Other Provisions</b>		
Proposed Dividend	19,506,509	19,506,509
Dividend Distribution Tax	3,315,131	3,239,787
Provision for Income Tax ( Net of Payments )	25,634,870	45,795,156
Provision for Wealth Tax	375,000	500,000
<b>Total</b>	<b>52,200,404</b>	<b>75,484,891</b>



**12. Fixed Assets**
**Schedule of Fixed Assets for the year ended 31st March, 2013**
**(Amount in Rupees)**

Sr No	Particulars	Gross Block			Depreciation Block			Net Block	
		Balance as on 31-Mar-12	Additions during the Year	Deductions During the Year	Balance as on 31-Mar-13	Provided during the Year	On Revaluations	Deductions during the Year	Total as on 31-Mar-13
	<b>Tangible Assets</b>								
1	Land	1,514,775	11,941,844	-	13,456,619	-	-	-	-
2	Factory Building	218,093,157	73,414,702	-	291,507,859	1,291,442	2,804,433	-	46,732,918
3	Residential Flat	350,000	-	-	350,000	5,705	-	-	93,077
4	Plant & Machinery	42,798,253	24,389,752	5,078,156	62,109,849	3,450,096	-	1,717,626	19,225,679
5	Electrical Installations	5,126,629	4,081,735	-	9,208,364	295,585	-	-	1,691,332
6	Laboratory Equipments	2,063,216	97,546	-	2,160,762	91,460	-	-	662,071
7	Office Equipments	4,674,775	337,967	-	5,012,742	263,560	-	-	1,907,930
8	Furniture & Fixtures	16,383,021	1,739,488	-	18,122,509	1,029,008	-	-	5,054,141
9	Air Conditioners	2,928,618	127,078	-	3,055,696	135,173	-	-	1,695,952
10	Computer	6,600,943	435,960	-	7,036,903	700,220	-	-	5,491,611
11	Vehicles	48,075,139	-	2,555,158	45,519,981	4,073,103	-	1,333,179	16,789,706
12	Commercial Vehicles	44,694,685	951,802	33,293,569	12,352,918	4,280,485	-	13,833,800	4,970,864
	<b>Sub - Total</b>	<b>393,303,210</b>	<b>117,517,874</b>	<b>40,926,883</b>	<b>469,894,201</b>	<b>15,615,837</b>	<b>2,804,433</b>	<b>16,884,605</b>	<b>104,315,281</b>
	Previous Year Rs.	403,785,269	9,478,887	19,960,945	393,303,210	16,086,230	2,804,433	8,981,692	102,779,616
	<b>Intangible Assets</b>								
13	Computer Software	17,648,083	-	-	17,648,083	2,860,758	-	-	13,778,812
	<b>Sub - Total</b>	<b>17,648,083</b>	<b>-</b>	<b>-</b>	<b>17,648,083</b>	<b>2,860,758</b>	<b>-</b>	<b>-</b>	<b>13,778,812</b>
	Previous Year Rs.	17,007,753	640,330	-	17,648,083	2,777,858	-	-	10,918,054
14	Capital Work in Progress								
	<b>Sub - Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Previous Year Rs.	-	-	-	-	-	-	-	-
	<b>Grand Total</b>	<b>410,951,293</b>	<b>117,517,874</b>	<b>40,926,883</b>	<b>487,542,284</b>	<b>18,476,595</b>	<b>2,804,433</b>	<b>16,884,605</b>	<b>118,094,093</b>
	Previous Year Rs.	420,793,021	10,119,217	19,960,945	410,951,293	18,864,088	2,804,433	8,981,692	113,697,670

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. On completion the Capital Work in Progress will be allocated to relevant Assets.

12.3 Expenditure incurred in connection with the Chhatral Project (Gujarat) has been allocated to relevant Fixed Assets during the year.



## Notes to the Financial Statements for the year ended 31st March, 2013

### 13. NON-CURRENT INVESTMENTS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Trade Investments</b>		
<b>In Equity Shares of Indian Subsidiary Companies - Unquoted, Fully paidup</b>		
(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
<b>In Equity Shares of Foreign Subsidiary Companies - Unquoted, Fully paidup</b>		
(a) 1,125 Equity Shares of AED 100/- each- Golden Harvest Middle East FZC	1,227,375	1,227,375
(b) Shareholders Current A/c - Golden Harvest Middle East FZC	201,261,625	201,261,625
	<u>202,764,000</u>	<u>202,764,000</u>
<b>Other Investments</b>		
<b>In Government Securities - Unquoted</b>		
National Savings Certificate (Deposited with BMC for plot at Deonar, Mumbai and for S.S.I. Registration deposited with Industrial Department, Hyderabad)	17,300	15,000
	<u>17,300</u>	<u>15,000</u>
<b>Total</b>	<u>202,781,300</u>	<u>202,779,000</u>

- 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, 2013.
- 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 :

	Year Ended 31st March, 2013		Year Ended 31st March, 2012	
	Accumulated	Current Year	Accumulated	Previous Year
a) Aries Agro Care Pvt. Ltd.	(2,583,608)	(595,669)	(1,987,939)	(1,091,655)
b) Aries Agro Produce Pvt. Ltd.	(229,083)	(22,846)	(206,237)	(206,237)
		<u>(618,515)</u>		<u>(1,297,892)</u>

### 14. INVENTORIES

	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
(At lower of Cost or Net Realisable Vale)		
(As Certified and valued by the Management)		
Raw Materials	303,240,310	285,306,750
Finished Goods	526,682,427	451,475,811
Stock-in-Trade (in respect of Goods aquired for Trading)	92,712,714	191,555,442
Packing Materials	101,343,287	99,900,760
<b>Total</b>	<u>1,023,978,738</u>	<u>1,028,238,763</u>



## Notes to the Financial Statements for the year ended 31st March, 2013

### 15. TRADE RECEIVABLES

	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
(Unsecured - Considered Good)		
Outstanding for a period exceeding six months ( from Due Date of Payment )	239,464,555	223,736,255
Others	584,967,449	461,868,423
<b>Total</b>	<b>824,432,004</b>	<b>685,604,678</b>

#### 15.1 Trade Receivables includes Amount due from Related Parties

Particulars	Maximum Balance during the year Rupees	As at 31st March, 2013 Rupees	Maximum Balance during the year Rupees	As at 31st March, 2012 Rupees
(a) Aries Agro Equipments Pvt. Ltd.	45,470	-	10,732,679	45,470
(b) Amarak Chemicals FZC	5,242,022	5,227,123	316,427	316,427
(c) Golden Harvest Middle East FZC	-	-	51,001,179	-
(d) Sreeni Agro Chemicals Pvt Ltd	-	-	16,370,998	-
(e) Aries Marketing Ltd	-	-	21,840,616	-
		<b>5,227,123</b>		<b>361,897</b>

### 16. CASH AND CASH EQUIVALENTS

	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
Balance with Scheduled Banks in Current Accounts	74,493,513	44,619,837
Cash on hand	3,203,293	1,585,829
Balance with Scheduled Banks in Fixed Deposit Accounts	125,260,323	134,697,105
<b>Total</b>	<b>202,957,129</b>	<b>180,902,772</b>

16.1 Balance with Banks includes Unclaimed Dividend of Rs. 14.13 Lacs and Unclaimed Share Application Money of Rs. 5.81 Lacs (Previous Year Unclaimed Dividend Rs. 12.40 Lacs and Unclaimed Share Application Money Rs. 5.81 Lacs).

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

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

### 17. SHORT TERM LOANS AND ADVANCES

	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
Loans and Advances to Related Parties ( Refer Note No. 27 )	251,559,188	261,499,704
Balances with Customs, Central Excise Authorities	2,502,063	2,493,152
Deposits	6,463,191	3,546,408
Others	322,907,338	231,492,741
MAT Credit Entitlement	27,590,000	-
<b>Total</b>	<b>611,021,781</b>	<b>499,032,005</b>



## Notes to the Financial Statements for the year ended 31st March, 2013

### 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, 2013 Rupees	Maximum Balance during the year Rupees	As at 31st March, 2012 Rupees
<b>Subsidiary Companies</b>					
(a) Amarak Chemicals FZC	Subsidiary	45,256,425	10,797,596	57,397,466	-
(b) Aries Agro Care Pvt Ltd	Subsidiary	5,587,435	5,587,435	10,352,223	5,334,935
(c) Aries Agro Equipments Pvt Ltd	Subsidiary	10,779,318	4,548,279	11,264,118	10,779,318
(d) Aries Agro Produce Pvt Ltd	Subsidiary	65,460	65,460	130,460	65,460
(e) Golden Harvest Middle East FZC	Subsidiary	328,815,608	230,560,418	272,870,756	245,319,991
<b>Companies under management in which Directors are interested</b>					
(a) Aries East West Nutrients Pvt Ltd	Associate	-	-	4,500,148	-

a) All the above Loans and Advances are interest free loans except Loan granted to Golden Harvest Middle East FZC.

b) Receipt of the principal amount of the above loans are regular.

c) 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, 2013 Rupees	As at 31st March, 2012 Rupees
a) Advance to Suppliers	303,917,794	218,934,939
b) Advance to Staff against expenses	11,786,631	5,498,691
c) Imprest Advance for Vehicle Expenses	173,209	118,209
d) Interest Accrued but not due	1,748,719	3,251,421
e) Prepaid Expenses	4,379,893	2,946,560
f) Staff Loans	901,093	742,922
	<b>322,907,338</b>	<b>231,492,741</b>

## 18. REVENUE FROM OPERATIONS

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
<b>Sales of Products</b>		
Manufactured	1,372,244,025	1,224,440,813
Traded	525,350,899	719,406,602
	<b>1,897,594,924</b>	<b>1,943,847,415</b>
Less:- Excise Duty	30,007,317	27,609,367
<b>Total</b>	<b>1,867,587,607</b>	<b>1,916,238,048</b>



## Notes to the Financial Statements for the year ended 31st March, 2013

### 18.1 Particulars of Sale of Products :

Particulars	As at 31st March, 2013 Rupees	As at 31st March, 2012 Rupees
<b>Manufactured Products</b>		
(a) Agricultural Micronutrient and Speciality Fertilizers	1,244,100,539	1,091,852,989
(b) Insecticides and Pesticides	124,788,627	130,074,303
(c) Animal Feed and Feed Concentrates	3,354,859	2,513,521
	<u>1,372,244,025</u>	<u>1,224,440,813</u>
Less :- Excise Duty	<u>30,007,317</u>	<u>27,609,367</u>
	<b>1,342,236,708</b>	<b>1,196,831,446</b>
<b>Traded Products</b>		
(a) Agricultural Micronutrient and Speciality Fertilizers	400,473,034	542,838,978
(b) Insecticides and Pesticides	81,005,639	107,027,454
(c) Agri Equipments	18,997,974	21,574,348
(d) Others	<u>24,874,252</u>	<u>47,965,822</u>
	<b>525,350,899</b>	<b>719,406,602</b>
	<u><b>1,867,587,607</b></u>	<u><b>1,916,238,048</b></u>

### 19. OTHER INCOME

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
<b>Interest Income on :</b>		
Bank Fixed Deposits	7,046,243	28,831,135
Others	24,326,759	23,659,792
<b>Other Non-Operating Income</b>		
Misc. / Other Income	217,308	311,778
Re-Processing Charges	655,541	364,495
Sales Tax Refund	72,275	4,313
<b>Total</b>	<u><b>32,318,127</b></u>	<u><b>53,171,513</b></u>

### 20. CONSUMPTION OF MATERIALS

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
1) Opening Stock of Raw Materials	285,306,750	145,838,513
Add : Purchases	376,055,178	477,520,496
	<u>661,361,928</u>	<u>623,359,009</u>
Less : Closing Stock of Raw Materials	303,240,310	285,306,750
Raw Material Consumed	<u>358,121,618</u>	<u>338,052,259</u>
2) Opening Stock of Traded Products	191,555,442	320,213,061
Add : Purchases	259,226,553	399,861,396
	<u>450,781,995</u>	<u>720,074,457</u>
Less : Closing Stock of Traded Products	92,712,714	191,555,442
Cost of Goods Sold	<u>358,069,281</u>	<u>528,519,015</u>
3) Opening Stock of Packing Materials	99,900,760	92,965,607
Add : Purchases	99,021,553	123,635,713
	<u>198,922,313</u>	<u>216,601,320</u>
Less : Closing Stock of Packing Materials	101,343,287	99,900,760
Packing Materials Consumed	<u>97,579,026</u>	<u>116,700,560</u>
<b>Consumption of Materials (1+2+3)</b>	<u><b>813,769,925</b></u>	<u><b>983,271,834</b></u>



## Notes to the Financial Statements for the year ended 31st March, 2013

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

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
<b>Inventories at the beginning of the year</b>		
Finished Goods	451,475,811	282,908,436
<b>Inventories at the end of the year</b>		
Finished Goods	526,682,427	451,475,811
<b>(Increase) / Decrease in Inventories</b>	<b>(75,206,616)</b>	<b>(168,567,375)</b>

### 22. EMPLOYEE BENEFIT EXPENSES

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
Salary and Wages	165,691,191	144,494,912
Directors Remuneration	15,095,620	18,008,204
Contribution to Provident & Other Funds	18,387,915	20,472,340
Staff Welfare Expenses	5,451,116	3,092,857
<b>Total</b>	<b>204,625,841</b>	<b>186,068,314</b>

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

Particulars	As at 31st March, 2013 Rupees	As at 31st March, 2012 Rupees
<b>Defined Contribution Plans</b>		
Contribution to Defined Contribution Plans, recognised as expense for the year is as under :		
Employer's Contribution to Provident Fund	12,158,719	11,470,614
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.		
<b>Defined Benefit Plan</b>		
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	
	2012-13	2011-12	2012-13	2011-12
Defined Benefit obligation at beginning of year	40,613,577	33,881,684	5,966,144	4,482,314
Current Service Cost	2,695,366	2,255,953	1,419,190	1,092,389
Interest Cost	3,249,086	2,710,535	522,038	369,791
Actuarial (gain) / loss	1,886,644	3,249,749	(625,976)	21,650
Benefits paid	(5,366,348)	(1,484,344)	(298,848)	-
Defined Benefits obligation at year end	43,078,325	40,613,577	6,982,548	5,966,144



## Notes to the Financial Statements for the year ended 31st March, 2013

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

	Gratuity	
	2012-13	2011-12
Fair value of plan assets at beginning of the year	35,349,900	26,826,802
Expected return on plan assets	3,161,476	2,621,826
Actuarial gain / (loss)	-	-
Contributions	5,263,677	7,385,616
Benefits paid	(5,366,348)	(1,484,344)
Fair value of Plan assets at year end	38,408,705	35,349,900
Actual return on plan assets	3,161,476	2,621,826

### III Reconciliation of fair value of assets and obligations

	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Fair value of plan assets	38,408,705	35,349,900	-	-
Present value of obligation	43,078,325	40,613,577	6,982,548	5,966,144
Amount recognised in Balance Sheet	4,669,620	5,263,677	6,982,548	5,966,144

### IV Expenses recognised during the year

	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Current Service Cost	2,695,366	2,255,953	1,419,190	1,092,389
Interest Cost	3,249,086	2,710,535	522,038	369,791
Expected return on Plan assets	(3,161,476)	(2,621,826)	-	-
Actuarial (gain) / loss	1,886,644	3,249,749	(625,976)	21,650
Net Cost	4,669,620	5,594,411	1,315,252	1,483,830

### V Investment details :

	% Invested	
	2012-13	2011-12
Insurance Policies	100.00	100.00
	100.00	100.00

### VI Actuarial assumptions

	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8%	8%	8%	8.75%
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.



## Notes to the Financial Statements for the year ended 31st March, 2013

### 23. FINANCE COSTS

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
Interest Expense	152,502,300	164,226,432
Other Borrowing Costs	31,571,272	30,027,669
Net Gain / Loss on Foreign Currency Transaction and Translation	25,980,324	14,934,191
<b>Total</b>	<b>210,053,895</b>	<b>209,188,292</b>

### 24. OTHER EXPENSES

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
<b>Manufacturing Expenses</b>		
Consumption of Stores & Spare Parts	690,418	531,856
Power & Fuel	6,232,155	5,404,825
Rent, Rates & Taxes	6,609,792	5,382,080
Repairs to Building	1,437,421	923,518
Repairs to Machinery	1,486,450	868,245
Miscellaneous Expenses	110,831,746	91,455,299
	<b>127,287,982</b>	<b>104,565,822</b>
<b>Selling &amp; Distribution Expenses</b>		
Advertisement & Publicity	68,729,418	64,009,837
Discount and Rebate	141,049,070	172,156,513
Freight & Delivery Expenses	80,049,012	84,249,785
Mobile Selling Expenses	8,837,491	17,351,277
Selling Expenses	9,917,545	7,176,030
Travelling Expenses	55,118,368	50,879,534
	<b>363,700,902</b>	<b>395,822,976</b>
<b>Other Administration Expenses</b>		
Audit Fees	1,685,400	1,572,800
Conveyance & Motor Car Expenses	21,836,191	20,185,155
Electricity	1,119,823	870,591
General Expenses	4,168,609	3,478,112
Insurance	4,213,621	3,638,766
Legal & Professional Fees	9,684,395	10,438,733
Loss on Sale of Asset	10,072,484	4,365,448
Postage & Telephones	7,368,182	6,726,103
Printing & Stationery	6,156,832	6,090,192
Rent, Rates & Taxes	28,814,583	16,602,817
Repairs & Maintenance	1,732,745	1,202,914
	<b>96,852,865</b>	<b>75,171,631</b>
<b>Total</b>	<b>587,841,749</b>	<b>575,560,429</b>

Payment to Auditors as :

Particulars	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
(a) Statutory Audit Fees	1,685,400	1,573,040
(b) Tax Audit Fees	168,540	168,540
(c) Taxation Matters	117,978	221,733
(d) Certification and Consultancy Fees	258,428	45,223
	<b>2,230,346</b>	<b>2,008,536</b>



## Notes to the Financial Statements for the year ended 31st March, 2013

### 25. EARNINGS PER SHARE (EPS)

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
(i) Net Profit After Tax (PAT) as per Statement of Profit and Loss attributable to Equity Shareholders	93,412,864	104,460,552
(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.)	7.18	8.03
(iv) Face Value per Equity Share (Rs.)	10	10

**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, 2013 Rupees	Total Minimum Lease Payments outstanding as at 31st March, 2012 Rupees
(a) Within One year	15,795,012	11,764,788
(b) Later than One year and not later than Five years	11,347,431	15,861,977
(c) Later than Five years	-	-
	<u>27,142,444</u>	<u>27,626,765</u>

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 2013 Rupees	Year Ended 31 March 2012 Rupees
(a) Minimum Lease Payments ( Inclusive of VAT, Insurance and Other Charges)	15,786,702	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, 2013

### 27. RELATED PARTY DISCLOSURES

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

<b>Part - A</b>				
<b>Details of Related Parties as per AS - 18</b>				
<b>Sr. No.</b>	<b>Nature of Relationship</b>	<b>Name of the Related Party</b>	<b>Remarks</b>	
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 Ltd. d) Aries East West Nutrients Pvt. Ltd. e) Mruga Corporate Services 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	<b>Name of the Key Management Personnel</b>	<b>Name of the Relative</b>	<b>Relationship</b>
		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
<b>Part - B</b>				
<b>Details of Transactions with Related Parties</b>				
<b>Sr. No.</b>	<b>Category</b>	<b>Nature of Service</b>	<b>Year Ended 31 March 2013 Rupees</b>	<b>Year Ended 31 March 2012 Rupees</b>
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	<b>2,284,910</b> <b>128,202,182</b> - <b>25,545,971</b> <b>134,218,555</b> <b>11,470,799</b> <b>227,146,030</b> <b>7,078,649</b>	4,233,758 97,369,640 22,172,500 69,038,793 191,217,572 150,678,048 144,463,009 7,056,311
2	Enterprises over which Key Management Personnel has significant influence or control	Finance - Loans / Payments Given Finance - Loans / Payments Received Legal & Professional Fees Receipts from Sale of Goods Payments (Net of Receipts) for Goods	<b>37,921</b> - <b>37,921</b> - -	17,448 8,685,248 - 2,000,708 3,081,784
3	Key Management Personnel	Finance - Loans / Payments Given Finance - Loans / Payments Received Directors Remuneration Paid	<b>18,000,000</b> <b>18,000,000</b> <b>14,603,204</b>	23,500,000 23,500,000 17,603,204



## Notes to the Financial Statements for the year ended 31st March, 2013

Part - C				
Balance Outstanding with Related Parties				
Category	Nature of Outstanding	Name of the Party	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Subsidiary	Loans & Advances	Aries Agro Care Pvt. Ltd.	5,587,435	5,334,935
		Aries Agro Equipments Pvt. Ltd.	4,548,279	10,779,318
		Aries Agro Produce Pvt. Ltd.	65,460	65,460
		Golden Harvest Middle East FZC	230,560,418	245,319,991
		Amarak Chemicals FZC	10,797,596	-
	Creditors for Goods	Golden Harvest Middle East FZC	25,236,662	44,134,073
		Aries Agro Equipments Pvt. Ltd.	11,769,162	-
	Share Application Money	Golden Harvest Middle East FZC	202,489,000	202,489,000
	Sundry Debtors	Aries Agro Equipments Pvt. Ltd.	-	45,470
		Amarak Chemicals FZC	5,227,123	-
Key Management Personnel	Dues to Directors	Dr. Jimmy Mirchandani	2,892,527	3,545,149
		Dr. Rahul Mirchandani	9,747,153	3,599,601

### 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. 5,856.25 Lakhs
- Bills discounting with Banks Rs. 1,000.00 Lakhs.
- Claims against company not acknowledged as debts Rs. 88.97 Lakhs which includes tax dues disputed as Rs. 2.68 Lakhs towards sales Tax, Rs. 54.56 Lakhs towards Income Tax and includes Rs. 31.73 Lakhs pertaining to pending suits regarding quality issue.
- The Commissioners of Central Excise, Mumbai and Hyderabad had 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.

### 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).

### 31. Supplementary Profit and Loss Data

	Year Ended 31st March 2013	Year Ended 31st March 2012
(a) Value of Imports calculated on CIF basis (on accrual basis) :	311,506,656	504,187,360
(b) Earnings in Foreign Currency (on accrual basis)		
F.O.B. Value of export sales	26,527,896	47,178,032
Interest	7,078,649	7,072,163



## Notes to the Financial Statements for the year ended 31st March, 2013

	Year Ended 31 <sup>st</sup> March 2013	Year Ended 31 <sup>st</sup> March 2012
(c) Expenditure in Foreign Currency (on accrual basis)		
Foreign Traveling Expenses	652,886	1,232,936
Remittance towards Share Application Money to Golden Harvest Middle East FZC	-	22,172,500
Interest on ECB Loans	7,078,649	7,072,163
(d) Net Dividend remitted in Foreign Exchange		
Year to which it relates	2012-13	2011-12
Number of Non-Resident Shareholders	164	164
Number of Equity Shares held on which Dividend was due	459,866	459,866
Dividend Remitted	689,799	689,799
(e) Details of Consumption of Raw Materials :		
<b>Particulars</b>	<b>Year Ended 31<sup>st</sup> March 2013</b>	<b>Year Ended 31<sup>st</sup> March 2012</b>
Imported	241,495,238	245,612,037
Indigenous	116,626,380	92,440,222
<b>Total</b>	<b>358,121,618</b>	<b>338,052,259</b>

### 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 :-** 30th May, 2013

#### For and on behalf of the Board

**Dr. Jimmy Mirchandani**  
Chairman & Managing Director

**Dr. Rahul Mirchandani**  
Executive Director

**Mr. Akshay Mirchandani**  
Director

**Prof R S S Mani**  
Director

**Mr. C. B. Chhaya**  
Director

**Mr. B. V. Dholakia**  
Additional Director

**Mr. S. Ramamurthy**  
Chief Financial Officer

**Mr. Qaiser P. Ansari**  
Company Secretary



## 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, 2013	10,000	100%	(5.96)	Nil	(19.88)	Nil
Aries Agro Equipments Pvt. Ltd.	31st March, 2013	10,000	100%	7.73	Nil	79.72	Nil
Golden Harvest Middle East FZC	31st March, 2013	1,125	75%	235.96	Nil	1,549.63	Nil
Aries Agro Produce Pvt. Ltd.	31st March, 2013	7,500	75%	(0.17)	Nil	(1.55)	Nil
Amarak Chemicals FZC	31st March, 2013	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 :-** 30th May, 2013

### For and on behalf of the Board

**Dr. Jimmy Mirchandani**  
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**Mr. C. B. Chhaya**  
Director

**Mr. B. V. Dholakia**  
Additional Director

**Mr. S. Ramamurthy**  
Chief Financial Officer

**Mr. Qaiser P. Ansari**  
Company Secretary



## 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 31<sup>st</sup> March, 2013 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 93,174,273 as at 31<sup>st</sup> March 2013, the total revenue of AED 55,540,161 and cash flows amounting to AED 344,340 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 31<sup>st</sup> March, 2013, and
- in the case of the Consolidated Statement of Profit and Loss, of the profit of the **GROUP** for the year ended on that date.
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the **GROUP** for the year 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:- 30<sup>th</sup> May, 2013



### Consolidated Balance Sheet as at 31st March, 2013

Particulars	Note No.	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
(1) <b>Shareholder's Funds</b>			
(a) Share Capital	3	130,043,390	130,043,390
(b) Reserves and Surplus	4	1,461,781,934	1,268,079,935
		<u>1,591,825,324</u>	<u>1,398,123,325</u>
(2) <b>Minority Interest</b>			
Minority Interest - Equity	5	143,948,782	127,602,435
Minority Interest - Non-Equity		74,480,930	32,530,539
		<u>218,429,712</u>	<u>160,132,974</u>
(3) <b>Non-Current Liabilities</b>			
(a) Long Term Borrowings	6	163,447,299	165,645,813
(b) Deferred Tax Liability	7	63,868,755	21,388,120
(c) Long Term Provisions	8	8,824,832	6,602,117
		<u>236,140,886</u>	<u>193,636,050</u>
(4) <b>Current Liabilities</b>			
(a) Short Term Borrowings	9	1,673,790,136	1,276,976,243
(b) Trade Payables	10	349,122,917	429,017,070
(c) Other Current Liabilities	11	170,683,796	260,452,933
(d) Short Term Provisions	12	54,684,382	78,303,415
		<u>2,248,281,230</u>	<u>2,044,749,661</u>
<b>TOTAL</b>		<u><u>4,294,677,153</u></u>	<u><u>3,796,642,010</u></u>
<b>II. ASSETS</b>			
(1) <b>Non-Current Assets</b>			
(a) <b>Fixed Assets</b>	13		
(i) Tangible Assets		996,379,202	829,965,638
(ii) Intangible Assets		3,869,271	6,730,029
(iii) Goodwill		14,539,132	12,044,013
(iv) Capital Work-in-Progress		136,118,332	199,357,553
(b) Non-Current Investments	14	17,756,900	16,639,800
(c) Unamortised Expenses	15	784,430	1,820,706
		<u>1,169,447,267</u>	<u>1,066,557,739</u>
(2) <b>Current Assets</b>			
(a) Inventories	16	1,347,957,260	1,277,106,028
(b) Trade Receivables	17	1,006,433,206	880,801,152
(c) Cash & Cash Equivalents	18	208,113,620	185,169,913
(d) Short Term Loans and Advances	19	562,725,799	387,007,178
		<u>3,125,229,885</u>	<u>2,730,084,271</u>
<b>TOTAL</b>		<u><u>4,294,677,153</u></u>	<u><u>3,796,642,010</u></u>
<b>Significant Accounting Policies &amp; The Notes to Accounts 1 to 36 form part of these Financial Statements</b>			

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**  
Chairman & Managing Director

**Dr. Rahul Mirchandani**  
Executive Director

**Mr. Akshay Mirchandani**  
Director

**Prof R S S Mani**  
Director

**Mr. C. B. Chhaya**  
Director

**Mr. B. V. Dholakia**  
Additional Director

**Mr. S. Ramamurthy**  
Chief Financial Officer

**Mr. Qaiser P. Ansari**  
Company Secretary

Place : Mumbai.  
Date : 30th May, 2013



### Consolidated Statement of Profit and Loss for the Year Ended 31st March, 2013

Particulars	Note No.	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
I. Revenue from Operations	20	2,518,009,960	2,362,770,959
II. Other Income	21	26,292,892	46,507,873
III. Total Revenue ( I + II )		<u>2,544,302,853</u>	<u>2,409,278,831</u>
IV. Expenses :			
(a) Consumption of Materials	22	1,146,444,395	1,170,486,745
(b) (Increase) / Decrease in Inventories of Finished Goods	23	(37,670,153)	(156,377,610)
(c) Employee Benefit Expenses	24	224,373,087	200,185,823
(d) Finance Costs	25	239,163,098	226,214,597
(e) Depreciation & Amortization Expenses	13	80,899,159	75,539,753
(f) Other Expenses	26	688,572,652	682,530,427
Total Expenses		<u>2,341,782,238</u>	<u>2,198,579,736</u>
V. Profit Before Tax ( PBT ) - ( III - IV )		202,520,615	210,699,096
VI. Provision for Taxation			
(i) Tax Expense			
Current Tax		28,450,000	55,450,000
Less :- Mat Credit Entitlement		(27,590,000)	-
Deferred Tax		42,480,635.0	979,734
(ii) Wealth tax		375,000	500,000
		<u>43,715,635</u>	<u>56,929,734</u>
VII. Profit After Tax (Before Minority Interest) ( PAT ) - ( V - VI )		158,804,980	153,769,362
Less :- Share of Profit transferred to Minority Interest		18,988,024	10,478,999
VIII. Profit After Tax (After Minority Interest)		139,816,956	143,290,363
Less :- Short Provision for Tax in Earlier Years		3,718,254	5,450,393
IX. Profit / (Loss) for the period		<u>136,098,702</u>	<u>137,839,970</u>
X. Earnings per Equity Share	27		
(1) Basic & Diluted		10.47	10.60
Significant Accounting Policies & The Notes to Accounts 1 to 36 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 : 30th May, 2013

**For and on behalf of the Board**

**Dr. Jimmy Mirchandani**  
Chairman & Managing Director

**Dr. Rahul Mirchandani**  
Executive Director

**Mr. Akshay Mirchandani**  
Director

**Prof R S S Mani**  
Director

**Mr. C. B. Chhaya**  
Director

**Mr. B. V. Dholakia**  
Additional Director

**Mr. S. Ramamurthy**  
Chief Financial Officer

**Mr. Qaiser P. Ansari**  
Company Secretary



### Consolidated Statement of Cash Flows for the Year Ended 31st March, 2013

		Rupees in Lakhs	
Particulars	2012-13	2011-12	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax as per Profit and Loss Account	2,025.21		2,106.99
<b>Adjusted for :</b>			
Loss on Sale / Discard of Assets (net)	100.72	47.49	
Depreciation and Amortisation Expenses	808.99	755.40	
Effect of Exchange Rate Change	(52.25)	(216.77)	
Proposed Dividend	(195.07)	(195.07)	
Dividend Distribution Tax	(33.15)	(32.40)	
Interest Income	(248.19)	(454.51)	
Finance Cost	2,391.63	2,262.15	
	<u>2,772.70</u>		2,166.29
Operating Profit before Working Capital Changes	<u>4,797.91</u>		<u>4,273.28</u>
<b>Adjusted for :</b>			
Trade Receivable	(1,256.32)	(3,281.41)	
Inventories	(708.51)	(1,933.51)	
Trade Payable	(798.94)	(282.61)	
Other Payable	(1,111.65)	(617.27)	
	<u>(3,875.43)</u>		(6,114.80)
Cash Generated from Operations,	<u>922.48</u>		<u>(1,841.51)</u>
Net Prior Year Adjustments	(37.18)	(54.50)	
Taxes Paid	(12.35)	(559.50)	
	<u>(49.53)</u>		(614.00)
Net Cash from Operating Activities	<u>872.94</u>		<u>(2,455.52)</u>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Purchase of Fixed Assets	(922.11)		(324.40)
Sale of Fixed Assets	156.96		81.50
Purchase of Investment	(0.02)		(20.39)
Movement in Short Term Loans and Advances	(1,757.19)		(1,078.88)
Interest Income	248.19		454.51
Net Cash ( used in ) Investing Activities	<u>(2,274.17)</u>		<u>(887.66)</u>
<b>C) CASH FLOW FROM FINANCIAL ACTIVITIES:</b>			
Proceeds from Issue of Share Capital, Increase in Share Application Money, Shareholders Current Account	76.15		161.94
Long Term Borrowings ( Net )	(21.99)		(688.12)
Short Term Borrowings ( Net )	3,968.14		3,865.09
Finance Cost	(2,391.63)		(2,262.15)
Net Cash ( used in ) / from financing activities	<u>1,630.67</u>		<u>1,076.76</u>
Net Increase in Cash and Cash Equivalents	<u>229.44</u>		<u>(2,266.41)</u>
Opening Balance of Cash and Cash Equivalents	<u>1,851.70</u>		<u>4,118.11</u>
Closing Balance of Cash and Cash Equivalents	<u>2,081.14</u>		<u>1,851.70</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

**For and on behalf of the Board**

**Dr. Jimmy Mirchandani**  
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**Mr. B. V. Dholakia**  
Additional Director

**Mr. S. Ramamurthy**  
Chief Financial Officer

**Mr. Qaiser P. Ansari**  
Company Secretary

Place : Mumbai.  
Date : 30th May, 2013



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

### 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.

A portion of net assets that is not attributed to the parent is attributed to the minority interest. If accumulated losses of subsidiary that would otherwise be attributed to the minority interest exceeds the accumulated amount of the minority interest the same is attributed to the parent's interest. In such case, when the subsidiary raises net income in succeeding periods, the income would be attributed to the parent's interest until the accumulated losses that has previously been attributed to the parents are recovered.

#### 2.1 Summary of significant accounting policies

##### A. (i) Basis of preparation of financial statements :

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

##### (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	4

- 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	4

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 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 and 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, 2013

### 3 SHARE CAPITAL

	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
<b>Authorised Share Capital</b>		
15,000,000 Equity Shares of Rs. 10/- each	<b>150,000,000</b>	150,000,000
<b>Total</b>	<b>150,000,000</b>	150,000,000
<b>Issued, Subscribed and Paidup</b>		
13,004,339 Equity Shares of Rs.10/- each.	<b>130,043,390</b>	130,043,390
<b>Total</b>	<b>130,043,390</b>	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 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 during the Financial Year 2006-07 by capitalisation of Rs. 91.46 Lacs from Securities Premium Account and Rs. 78.61 Lacs from Statement of Profit and Loss.

#### 3.3 Reconciliation of Number of Shares Outstanding

Particulars	As at 31st March, 2013 No. of Shares	As at 31st March, 2012 No. of Shares
Equity Shares at the beginning of the year	<b>13,004,339</b>	13,004,339
Add :- Issued during the year	-	-
Less :- Shares cancelled during the year	-	-
Equity Shares at the end of the year	<b>13,004,339</b>	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, 2013 % Held	No. of Shares	As at 31st March, 2012 % Held
(i) Dr. Jimmy Mirchandani	<b>3,410,955</b>	<b>26.23%</b>	3,410,955	26.23%
(ii) Dr. Rahul Mirchandani	<b>2,623,221</b>	<b>20.17%</b>	2,623,221	20.17%
(iii) SBI MF - Magnum Comma Fund	<b>1,100,000</b>	<b>8.46%</b>	1,050,000	8.07%

### 4 RESERVES AND SURPLUS

	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
<b>Capital Reserve</b>		
As per last Balance Sheet	-	565,681
	-	565,681
<b>Foreign Currency Translation Reserve</b>	<b>41,960,109</b>	5,026,215
	<b>41,960,109</b>	5,026,215
<b>Legal Reserve</b>		
As per last Balance Sheet	<b>3,791,840</b>	1,038,917
Less :- Transferred to Minority Interest	<b>947,960</b>	259,729
	<b>2,843,880</b>	779,188
<b>Securities Premium Reserve</b>		
As per last Balance Sheet	<b>490,037,050</b>	490,037,050
	<b>490,037,050</b>	490,037,050



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
<b>Revaluation Reserve</b>		
As per last Balance Sheet	76,520,206	79,324,639
Less : Depreciation on Revalued assets	2,804,433	2,804,433
	<u>73,715,773</u>	<u>76,520,206</u>
<b>General Reserve</b>		
As per last Balance Sheet	67,956,310	52,956,310
Add : Transfer from Profit & Loss A/c	10,000,000	15,000,000
	<u>77,956,310</u>	<u>67,956,310</u>
<b>Surplus in the Statement of Profit &amp; Loss</b>		
As per last Balance Sheet	671,966,751	527,101,612
Add:- Profit for the year	136,098,702	137,839,970
Loss Attributable to Minority Interest	25,000	-
	<u>808,090,453</u>	<u>664,941,582</u>
Less:- Appropriations		
Transfer to General Reserve	10,000,000	15,000,000
Proposed Dividend on Equity Shares { Dividend Per Share Rs. 1.50 (Previous Year Re 1.50/-) }	19,506,509	19,506,509
Dividend Distribution Tax	3,315,131	3,239,787
	<u>32,821,640</u>	<u>37,746,296</u>
	<u>775,268,813</u>	<u>627,195,286</u>
<b>Total</b>	<u><u>1,461,781,934</u></u>	<u><u>1,268,079,935</u></u>

### 5 MINORITY INTEREST

	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
<b>Minority Interest - Equity</b>	143,948,782	127,602,435
<b>Minority Interest - Non Equity</b>	74,480,930	32,530,539
	<u>218,429,712</u>	<u>160,132,974</u>

5.1 Minority Interest as at 31st March, 2013, represents that part of the profit / (Loss) and net assets of Golden Harvest Middle East FZC to the extent of 375 Shares (25%) and Amarak Chemicals FZC to the extent of 5000 Shares (25%) held by other parties.

### 6 LONG TERM BORROWINGS

	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
<b>Secured Term Loans</b>		
Term Loans from Banks	147,213,127	146,083,399
Term Loans from Companies	-	48,048
	<u>147,213,127</u>	<u>146,131,447</u>
<b>Un-Secured Term Loans</b>		
Term Loans from Banks	16,234,172	19,514,366
	<u>16,234,172</u>	<u>19,514,366</u>
<b>Total</b>	<u><u>163,447,299</u></u>	<u><u>165,645,813</u></u>



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

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

	As at 31-3-2013	As at 31-3-2012
(a) Secured by way of Charge on the Company's Motor Vehicles.	7,053,681	12,188,251
(b) Foreign Currency Term Loan which is secured by way of Equitable Mortgage of Land and Building and personal guarantee of Directors.	94,617,696	118,301,455
(c) Secured by way of Primary Charge on all Fixed Assets at Mouje Rajpur, Gujarat and personal guarantee of Directors.	45,541,750	15,593,693
	<b>147,213,127</b>	<b>146,083,399</b>

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

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

Particulars	F Y 2013-14*	F Y 2014-15	F Y 2015-16	F Y 2016-17 and Beyond
(a) Term Loans from Banks	59,016,823	92,050,154	49,621,223	5,541,750
(b) Term Loans from Companies	48,048	-	-	-

\* Refer Note No. 11

### 6.4 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	3,280,194	3,696,205	4,164,976	8,372,991

\* Refer Note No. 11

## 7 DEFERRED TAX LIABILITY

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Deferred Tax Liability</b>		
Related to Fixed Assets : Impact of difference between income tax depreciation and depreciation charged for the financial reporting.	66,134,592	23,370,073
Gross Deferred Tax Liability	66,134,592	23,370,073
<b>Deferred Tax Assets</b>		
Disallowance under the Income Tax Act, 1961 U/s 43B	2,265,837	1,981,953
Gross Deferred Tax Asset	2,265,837	1,981,953
<b>Net Deferred Tax Liability</b>	<b>63,868,755</b>	<b>21,388,120</b>

## 8 LONG TERM PROVISIONS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Employee Related</b>		
Provision for Gratuity	2,859,142	1,815,735
Provision for Leave Salary	5,965,690	4,786,382
<b>Total</b>	<b>8,824,832</b>	<b>6,602,117</b>



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

### 9 SHORT TERM BORROWINGS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Secured Borrowings</b>		
Working Capital Facilities from Banks	<b>983,514,438</b>	895,289,195
	<u>983,514,438</u>	<u>895,289,195</u>
<b>Un-Secured Borrowings</b>		
Working Capital Facilities from Banks	<b>486,776,327</b>	269,841,285
From Related Parties	<b>3,478,384</b>	3,701,290
From Others	<b>72,255,608</b>	45,822,105
Security Deposits	<b>127,765,378</b>	62,322,368
	<u>690,275,698</u>	<u>381,687,048</u>
<b>Total</b>	<b>1,673,790,136</b>	<b>1,276,976,243</b>

9.1 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.

9.2 Working Capital Facilities from Banks includes :

	As at 31-3-2013	As at 31-3-2012
a) Loans repayable on demand	<b>85,000,000</b>	397,500,000
b) Cash Credit Facilities	<b>588,695,816</b>	320,042,434
c) Buyers Credit	<b>238,651,765</b>	177,746,761
d) Short Term Loan	<b>71,166,858</b>	-
	<u>983,514,438</u>	<u>895,289,195</u>

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

	As at 31-3-2013	As at 31-3-2012
a) Loans repayable on demand		
i) Axis Bank	<b>287,935,882</b>	269,841,285
ii) HDFC Bank	<b>198,840,445</b>	-
	<u>486,776,327</u>	<u>269,841,285</u>

9.4 Working Capital Facilities from Banks shown under Un-Secured Borrowings includes Farmer Loan of Rs. 15 Crores which is secured by way of Personal Guarantee of Directors.

9.5 Loan from Related parties includes amount payable to Mirabelle Holdings

9.6 Loan from Others includes amount payable to Anil Ahuja

### 10 TRADE PAYABLES

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Creditors for Goods	<b>241,395,230</b>	328,525,928
Creditors for Expenses	<b>71,962,831</b>	58,914,631
Outstanding Expenses	<b>35,764,855</b>	41,576,511
<b>Total</b>	<b>349,122,917</b>	<b>429,017,070</b>

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, 2013. 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, 2013

### 11 OTHER CURRENT LIABILITIES

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Current Maturities of Long Term Debt ( Refer Note No. 6.3 & 6.4 )	62,345,065	121,150,019
Interest Accrued but not due on Borrowings	3,237,743	3,983,657
Unclaimed Dividend	1,412,568	1,240,222
Unclaimed Share Application Money	580,840	580,840
Advance/Credits from Customers	62,569,915	91,276,152
Dues to Directors	17,962,580	14,745,260
Statutory Dues	15,273,741	9,310,770
Other Payables	7,301,345	18,166,013
<b>Total</b>	<b>170,683,796</b>	<b>260,452,933</b>

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

	As at 31-3-2013	As at 31-3-2012
(a) Secured Term Loans from Banks	59,016,823	118,156,645
(b) Secured Term Loans from Companies	48,048	82,368
(c) Un-Secured Term Loans from Banks	3,280,194	2,911,006
	<b>62,345,065</b>	<b>121,150,019</b>

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

	As at 31-3-2013	As at 31-3-2012
(a) Secured by way of Charge on the Company's Motor Vehicles.	7,403,363	8,827,247
(b) Foreign Currency Term Loan which is secured by way of Equitable Mortgage of Land and Building and personal guarantee of Directors.	31,613,460	105,730,854
(c) Secured by way of Primary Charge on all Fixed Assets at Mouje Rajpur, Gujarat and personal guarantee of Directors.	20,000,000	3,598,544
	<b>59,016,823</b>	<b>118,156,645</b>

11.3 Secured Term Loans from Companies included in Current Maturities of Long Term Debt to the extent of Rs. 48,048/- 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. 3,280,194/- are secured by way of Charge on personal Assets of Directors and guaranteed by the Directors.

11.5 Unclaimed Dividend do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

11.6 Unclaimed Share Application Money do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

11.7 Statutory Dues includes Indirect Taxes, Tax Deducted at Source, Bonus, Provident Fund, ESIC and Profession Tax.

11.8 Other Payables includes Book Overdrafts.

### 12 SHORT TERM PROVISIONS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Employee Related</b>		
Provision for Gratuity	2,352,037	5,263,677
Provision for Leave Salary	3,470,836	2,648,286
<b>Other Provisions</b>		
Proposed Dividend	19,506,509	19,506,509
Dividend Distribution Tax	3,315,131	3,239,787
Provision for Income Tax (Net of Payments)	25,664,870	47,145,156
Provision for Wealth Tax	375,000	500,000
<b>Total</b>	<b>54,684,382</b>	<b>78,303,415</b>



**Note - 13**  
**Schedule of Fixed Assets for the year ended 31st March, 2013**

Sr No	Particulars	Gross Block				Depreciation Block				Net Block				
		Balance as on 31-Mar-12	Additions during the year	Deductions during the year	Adjustments on A/c of Exchange Rate Difference	Balance as on 31-Mar-13	Balance as on 31-Mar-12	Provided during the year	On Revaluations	Deductions during the year	Adjustments on A/c of Exchange Rate Difference	Total as on 31-Mar-13	As on 31-Mar-13	As on 31-Mar-12
	<b>Tangible Assets</b>													
1	Land	1,514,775	11,941,844	-	-	13,456,619	-	-	-	-	-	-	13,456,619	1,514,775
2	Factory Building	428,107,343	75,576,796	-	44,280,564	547,964,703	58,564,981	13,659,290	2,804,433	-	2,932,504	77,961,208	470,003,495	369,542,362
3	Residential Flat	350,000	-	-	-	350,000	87,372	5,705	-	-	-	93,077	256,923	262,628
4	Plant & Machinery	402,137,002	58,937,529	5,393,879	76,578,279	532,258,931	74,832,505	51,639,824	-	1,855,943	10,523,550	135,139,936	397,118,995	327,304,497
5	Electrical Installations	5,126,629	4,081,735	-	-	9,208,364	1,395,747	295,585	-	-	-	1,691,332	7,517,032	3,730,882
6	Laboratory Equipments	2,063,216	97,546	-	-	2,160,762	570,611	91,460	-	-	-	662,071	1,498,691	1,492,605
7	Office Equipments	42,489,630	345,842	-	8,148,009	50,983,481	2,365,585	564,162	-	-	109,348	3,039,095	47,944,387	40,124,045
8	Furniture & Fixtures	18,830,812	1,773,094	-	355,372	20,959,278	4,827,201	1,251,153	-	-	178,245	6,256,599	14,702,679	14,003,612
9	Air Conditioners	2,928,618	127,078	-	-	3,055,696	1,560,779	135,173	-	-	-	1,695,952	1,359,744	1,367,839
10	Computer	6,600,943	435,960	-	-	7,036,903	4,791,391	700,220	-	-	-	5,491,611	1,545,292	1,809,552
11	Vehicles	55,355,318	1,181,277	4,104,420	1,488,999	53,921,174	16,712,983	4,379,068	-	1,333,179	569,012	20,327,884	33,593,290	38,642,335
12	Commercial Vehicles	44,694,685	951,802	33,293,569	-	12,352,918	14,524,179	4,280,485	-	13,833,800	-	4,970,864	7,382,054	30,170,506
	<b>Sub - Total</b>	<b>1,010,198,971</b>	<b>155,450,503</b>	<b>42,791,868</b>	<b>130,851,224</b>	<b>1,253,708,829</b>	<b>180,233,333</b>	<b>77,002,126</b>	<b>2,804,433</b>	<b>17,022,922</b>	<b>14,312,659</b>	<b>257,329,628</b>	<b>996,379,202</b>	<b>829,965,638</b>
	Previous Year Rs.	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
	<b>Intangible Assets</b>													
13	Computer Software	17,648,083	-	-	-	17,648,083	10,918,054	2,860,758	-	-	-	13,778,812	3,869,271	6,730,029
	<b>Sub - Total</b>	<b>17,648,083</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,648,083</b>	<b>10,918,054</b>	<b>2,860,758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,778,812</b>	<b>3,869,271</b>	<b>6,730,029</b>
	Previous Year Rs.	17,007,753	640,330	-	-	17,648,083	8,140,196	2,777,858	-	-	-	10,918,054	6,730,029	8,867,557
14	Goodwill	12,044,013	-	-	2,495,119	14,539,132	-	-	-	-	-	-	14,539,132	12,044,013
	<b>Sub - Total</b>	<b>12,044,013</b>	<b>-</b>	<b>-</b>	<b>2,495,119</b>	<b>14,539,132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,539,132</b>	<b>12,044,013</b>
	Previous Year Rs.	12,044,013	-	-	-	12,044,013	-	-	-	-	-	-	12,044,013	12,044,013
15	Capital Work in Progress	-	-	-	-	-	-	-	-	-	-	-	136,118,332	199,357,553
	<b>Sub - Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136,118,332</b>	<b>199,357,553</b>
	Previous Year Rs.	-	-	-	-	-	-	-	-	-	-	-	199,357,553	188,598,771
	<b>Grand Total</b>	<b>1,039,891,067</b>	<b>155,450,503</b>	<b>42,791,868</b>	<b>133,346,342</b>	<b>1,285,896,044</b>	<b>191,151,387</b>	<b>79,862,884</b>	<b>2,804,433</b>	<b>17,022,922</b>	<b>14,312,659</b>	<b>271,108,440</b>	<b>1,150,905,936</b>	<b>1,046,097,233</b>
	Previous Year Rs.	1,041,809,849	22,052,693	23,971,474	-	1,039,891,067	124,707,490	74,339,789	2,804,433	10,700,325	-	191,151,387	1,048,097,233	1,105,701,130

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. On completion the Capital Work in Progress will be allocated to relevant Assets.

13.3 Expenditure incurred in connection with the Chhatral Project (Gujarat) has been allocated to relevant Fixed Assets during the year.



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

### 14 NON-CURRENT INVESTMENTS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Trade Investments</b>		
<b>In Equity Shares of Foreign Subsidiary Companies - Unquoted, Fully paidup</b> (48,000 Equity Shares of AED 25 each) - MAPCO Fertilizers Industries FZC	<b>17,739,600</b>	16,624,800
<b>Other Investments</b>		
<b>In Government Securities - Unquoted</b>		
National Savings Certificate (Deposited with BMC for plot at Deonar, Mumbai, For S.S.I. Registration deposited with Industrial Department, Hyderabad)	17,300	15,000
	<b>17,300</b>	15,000
<b>Total</b>	<b>17,756,900</b>	16,639,800

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

### 15 UNAMORTISED EXPENSES

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
(a) As per last Balance Sheet	1,820,706	3,020,672
(b) Less :- 1/5th written off	1,036,276	1,199,965
	<b>784,430</b>	1,820,706

### 16 INVENTORIES

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
(At lower of cost or Net Realisable Value) (As Certified and valued by the Management)		
Raw Materials	473,592,477	464,777,811
Finished Goods	675,523,747	514,402,904
Stock-in-Trade ( in respect of Goods acquired for Trading )	92,712,714	191,555,442
Packing Materials	106,128,322	106,369,871
<b>Total</b>	<b>1,347,957,260</b>	1,277,106,028

### 17 TRADE RECEIVABLES

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
(Unsecured - Considered Good)		
Outstanding for a period exceeding six months	241,248,534	230,433,748
Others	765,184,672	650,367,404
<b>Total</b>	<b>1,006,433,206</b>	880,801,152



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

### 17.1 Trade Receivables includes Amount due from Related Parties

Particulars	Maximum Balance during the year Rupees	As at 31st March, 2013 Rupees	Maximum Balance during the year Rupees	As at 31st March, 2012 Rupees
(a) Sreeni Agro Chemicals Pvt Ltd	-	-	16,370,998	-
(b) Aries Marketing Ltd	-	-	21,840,616	-

### 18 CASH AND CASH EQUIVALENTS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Balance with Scheduled Banks in Current Accounts	79,590,758	48,782,588
Cash on hand	3,234,594	1,619,051
Balance with Scheduled Banks in Fixed Deposit Accounts	125,288,268	134,768,273
<b>Total</b>	<b>208,113,620</b>	<b>185,169,913</b>

18.1 Balance with Banks includes Unclaimed Dividend of Rs. 14.13 Lacs and Unclaimed Share Application Money of Rs. 5.81 Lacs (Previous Year Unclaimed Dividend Rs. 12.40 Lacs and Unclaimed Share Application Money Rs. 5.81 Lacs).

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

18.3 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 2013 Rupees	As at 31 March 2012 Rupees
Loans and Advances to Related Parties (Refer Note No. 29)	45,876,180	41,742,518
Balances with Customs, Central Excise, Sales Tax Authorities	2,502,063	2,549,808
Deposits	12,315,482	7,435,933
Others	474,397,074	335,233,919
<b>Tax Refunds</b>		
MAT Credit	27,635,000	45,000
<b>Total</b>	<b>562,725,799</b>	<b>387,007,178</b>

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

Particulars	Maximum Balance during the year	As at 31st March, 2013	Maximum Balance during the year	As at 31st March, 2012
<b>Companies under management in which Directors are interested</b>				
(a) Aries East West Nutrients Pvt Ltd	-	-	4,499,536	-
(b) Mapco Fertilizers	45,876,180	45,876,180	41,742,518	41,742,518

- 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, 2013

### 19.2 Other Advances includes :

Particulars	As at 31st March, 2013 Rupees	As at 31st March, 2012 Rupees
a) Advance to Suppliers	439,094,962	299,239,121
b) Advance to Staff against expenses	11,786,631	5,498,691
c) Imprest Advance for Vehicle Expenses	173,209	118,209
d) Interest Accrued but not due	1,748,719	3,251,421
e) Prepaid Expenses	20,319,663	26,005,091
f) Staff Loans	1,273,891	1,121,386
<b>Total</b>	<b>474,397,074</b>	<b>335,233,919</b>

### 20 REVENUE FROM OPERATIONS :

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
<b>Sales of Products</b>		
Manufactured	1,574,809,305	1,275,416,121
Traded	973,207,973	1,114,964,205
	<b>2,548,017,278</b>	<b>2,390,380,326</b>
Less:- Excise Duty	30,007,317	27,609,367
<b>Total</b>	<b>2,518,009,960</b>	<b>2,362,770,959</b>

### 20.1 Particulars of Sale of Products :

Particulars	Year Ended 31st March, 2013 Rupees	Year Ended 31st March, 2012 Rupees
<b>Manufactured Products</b>		
(a) Agricultural Mirconutrient and Speciality Fertilizers	1,244,114,802	1,044,522,987
(b) Plant Nutrients	202,551,017	98,305,310
(c) Insecticides and Pesticides	124,788,627	130,074,303
(d) Animal Feed and Feed Concentrates	3,354,859	2,513,521
	<b>1,574,809,305</b>	<b>1,275,416,121</b>
Less :- Excise Duty	30,007,317	27,609,367
	<b>1,544,801,987</b>	<b>1,247,806,753</b>
<b>Traded Products</b>		
(a) Agricultural Mirconutrient and Speciality Fertilizers	645,489,233	542,838,978
(b) Plant Nutrients	203,184,629	393,742,517
(c) Insecticides and Pesticides	81,005,639	107,027,454
(d) Agri Equipments	18,654,220	23,389,434
(e) Others	24,874,252	47,965,823
	<b>973,207,973</b>	<b>1,114,964,206</b>
<b>Total</b>	<b>2,518,009,960</b>	<b>2,362,770,959</b>



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

### 21 OTHER INCOME :

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
<b>Interest Income on :</b>		
Bank Fixed Deposits	7,048,020	28,837,303
Others	17,770,589	16,613,733
<b>Other Non-Operating Income</b>		
Misc. / Other Income	746,467	605,809
Re-Processing Charges	655,541	446,715
Sales Tax Refund	72,275	4,313
<b>Total</b>	<b>26,292,892</b>	<b>46,507,873</b>

### 22 CONSUMPTION OF MATERIALS :

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
1) Opening Stock of Raw Materials	472,406,862	335,227,234
Add : Purchases	327,952,430	342,047,280
	800,359,292	677,274,514
Less : Closing Stock of Raw Materials	468,239,802	453,657,778
Raw Material Consumed	332,119,489	223,616,736
2) Opening Stock of Traded Products	200,599,052	324,544,351
Add : Purchases	729,389,769	696,164,769
	929,988,821	1,020,709,120
Less : Closing Stock of Traded Products	217,507,462	200,599,052
Cost of Goods Sold	712,481,358	820,110,068
3) Opening Stock of Packing Materials	106,586,769	97,710,064
Add : Purchases	101,234,749	135,022,375
	207,821,518	232,732,439
Less : Closing Stock of Packing Materials	105,977,971	105,972,498
Packing Materials Consumed	101,843,548	126,759,941
<b>Consumption of Materials (1+2+3)</b>	<b>1,146,444,395</b>	<b>1,170,486,745</b>

### 23 (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS :

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
<b>Inventories at the beginning of the year</b>		
Finished Goods	508,382,069	345,599,540
<b>Inventories at the end of the year</b>		
Finished Goods	546,052,222	501,977,150
		-
<b>(Increase) / Decrease in Inventories</b>	<b>(37,670,153)</b>	<b>(156,377,610)</b>



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

### 24 EMPLOYEE BENEFIT EXPENSES :

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
Salary and Wages	170,585,216	147,674,695
Directors Remuneration	27,552,715	26,498,721
Contribution to Provident & Other Funds	19,545,571	21,037,815
Staff Welfare Expenses	6,689,584	4,974,592
<b>Total</b>	<b>224,373,087</b>	<b>200,185,823</b>

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, 2013 Rupees	As at 31st March, 2012 Rupees
<b>Defined Contribution Plans</b>		
Contribution to Defined Contribution Plans, recognised as expense for the year is as under :		
Employer's Contribution to Provident Fund	12,158,719	11,470,614

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	
	2012-13	2011-12	2012-13	2011-12
Defined Benefit obligation at beginning of year	40,613,577	33,881,684	5,966,144	4,482,314
Current Service Cost	2,695,366	2,255,953	1,419,190	1,092,389
Interest Cost	3,249,086	2,710,535	522,038	369,791
Actuarial (gain) / loss	1,886,644	3,249,749	(625,976)	21,650
Benefits paid	(5,366,348)	(1,484,344)	(298,848)	-
Defined Benefits obligation at year end	43,078,325	40,613,577	6,982,548	5,966,144

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

	Gratuity	
	2012-13	2011-12
Fair value of plan assets at beginning of the year	35,349,900	26,826,802
Expected return on plan assets	3,161,476	2,621,826
Actuarial gain / (loss)	-	-
Employer Contribution	5,263,677	7,385,616
Benefits paid	(5,366,348)	(1,484,344)
Fair value of Plan assets at year end	38,408,705	35,349,900
Actual return on plan assets	3,161,476	2,621,826



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

### III. Reconciliation of opening and closing balances of fair value of Plan Assets

	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Fair value of plan assets	<b>38,408,705</b>	35,349,900	-	-
Present value of obligation	<b>43,078,325</b>	40,613,577	<b>6,982,548</b>	5,966,144
Amount recognised in Balance Sheet	<b>4,669,620</b>	5,263,677	<b>6,982,548</b>	5,966,144

### IV. Expenses recognised during the year

	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Current Service Cost	<b>2,695,366</b>	2,255,953	<b>1,419,190</b>	1,092,389
Interest Cost	<b>3,249,086</b>	2,710,535	<b>522,038</b>	369,791
Expected return on Plan assets	<b>(3,161,476)</b>	(2,621,826)	-	-
Actuarial (gain) / loss	<b>1,886,644</b>	3,249,749	<b>(625,976)</b>	21,650
<b>Net Cost</b>	<b>4,669,620</b>	5,594,411	<b>1,315,252</b>	1,483,830

### V. Investment details :

	% Invested	
	2012-13	2011-12
Insurance Policies	<b>100.00</b>	100.00
	<b>100.00</b>	100.00

### V. Investment details :

	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Mortality Table (LIC)	<b>1994-96</b>	1994-96	<b>1994-96</b>	1994-96
	<b>(Ultimate)</b>	(Ultimate)	<b>(Ultimate)</b>	(Ultimate)
Discount rate (per annum)	<b>8%</b>	8%	<b>8%</b>	8.75%
Expected rate of return on plan assets (per annum)	<b>8%</b>	8%		
Rate of escalation in salary (per annum)	<b>5%</b>	5%	<b>7%</b>	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.

### 25 FINANCE COSTS :

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
Interest Expense	<b>180,643,453</b>	180,122,123
Other Borrowing Costs	<b>32,142,337</b>	30,627,834
Net Gain / Loss on Foreign Currency Transaction and Translation	<b>26,377,308</b>	15,464,640
<b>Total</b>	<b>239,163,098</b>	226,214,597



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

### 26 OTHER EXPENSES :

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
<b>Manufacturing Expenses</b>		
Consumption of Stores & Spare Parts	690,418	531,856
Power & Fuel	24,799,713	24,162,140
Rent, Rates & Taxes	34,045,637	38,008,518
Repairs to Building	3,804,413	2,232,672
Repairs to Machinery	4,085,055	5,370,662
Miscellaneous Expenses	124,744,756	102,827,321
	<b>192,169,992</b>	<b>173,133,169</b>
<b>Selling &amp; Distribution Expenses</b>		
Advertisement & Publicity	69,154,033	64,394,418
Discount and Rebate	141,049,070	172,177,691
Freight & Delivery Expenses	93,061,271	98,905,957
Mobile Selling Expenses	8,837,491	17,351,277
Selling Expenses	12,005,918	7,354,308
Travelling Expenses	56,675,978	52,967,141
	<b>380,783,760</b>	<b>413,150,793</b>
<b>Other Administration Expenses</b>		
Audit Fees	1,741,580	1,830,767
Conveyance & Motor Car Expenses	22,987,921	21,721,889
Electricity	1,119,823	1,015,171
General Expenses	8,200,363	7,298,992
Insurance	6,549,292	5,460,289
Legal & Professional Fees	10,601,877	12,474,750
Loss on Sale of Asset	10,072,484	4,749,154
Postage & Telephones	10,132,074	9,087,104
Printing & Stationery	6,379,591	6,367,986
Rent, Rates & Taxes	34,824,516	24,801,882
Repairs & Maintenance	3,004,407	1,374,130
Bank Charges	4,972	64,352
	<b>115,618,900</b>	<b>96,246,465</b>
<b>Total</b>	<b>688,572,652</b>	<b>682,530,427</b>

### 26.1 Payment to Auditors as :

Particulars	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
(a) Statutory Audit Fees	1,741,580	1,830,767
(b) Tax Audit Fees	185,394	185,394
(c) Taxation Matters	162,922	299,667
(d) Certification and Consultancy Fees	287,066	45,223
<b>Total</b>	<b>2,376,962</b>	<b>2,361,051</b>



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

### 27 EARNINGS PER SHARE (EPS) :

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
(i) Net Profit After Tax (PAT) as per Statement of Profit and Loss attributable to Equity Shareholders	136,098,702	137,839,970
(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.)	10.47	10.60
(iv) Face Value per Equity Share (Rs.)	10	10

**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, 2013 Rupees	Total Minimum Lease Payments outstanding as at 31st March, 2012 Rupees
(a) Within One year	15,795,012	11,764,788
(b) Later than One year and not later than Five years	11,347,431	15,861,977
(c) Later than Five years	-	-
	<b>27,142,444</b>	<b>27,626,765</b>

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

Particulars	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
(a) Minimum Lease Payments ( Inclusive of VAT, Insurance and Other Charges)	15,786,702	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.

### 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 Ltd. d) Aries East West Nutrients Pvt. Ltd. e) Mruga Corporate Services Ltd.	
2	Key Management Personnel	a) Dr. Jimmy Mirchandani b) Dr. Rahul Mirchandani c) Mr. Akshay Mirchandani	a) Chairman & Managing Director b) Executive Director c) Director



**Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013**

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 2013 Rupees	Year Ended 31 March 2012 Rupees
1	Enterprises over which Key Management Personnel has significant influence or control	Finance - Loans / Payments Given	37,921	17,448
		Finance - Loans / Payments Received	-	8,685,248
		Legal & Professional Fees	37,921	-
		Receipts from Sale of Goods	-	2,000,708
		Payments (Net of Receipts) for Goods	-	3,081,784
2	Key Management Personnel	Finance - Loans / Payments Given	18,000,000	23,500,000
		Finance - Loans / Payments Received	18,000,000	23,500,000
		Directors Remuneration Paid	14,603,204	17,603,204

**Part - C**
**Balance Outstanding with Related Parties**

Category	Nature of Outstanding	Name of the Party	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
Key Management Personnel	Dues to Directors	Dr. Jimmy Mirchandani	2,892,527	3,545,149
		Dr. Rahul Mirchandani	9,747,153	3,599,601

**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 Share Application Money.	UAE



## Notes to the Consolidated Financial Statements for the Year Ended 31st March, 2013

### 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. 5,856.25 Lakhs.
- Bills discounting with Banks Rs. 1,000 Lakhs.
- Claims against company not acknowledged as debts Rs. 88.97 Lakhs which includes tax dues disputed as Rs. 2.68 Lakhs towards sales Tax, Rs. 54.56 Lakhs towards Income Tax and includes Rs. 31.73 Lakhs pertaining to pending suits regarding quality issue.
- The Commissioners of Central Excise, Mumbai and Hyderabad had 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.

### 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).

- There is no reasonable certainty of future prospect of the company for profit earning hence deferred tax is no provided in the books of accounts.
- 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

#### For and on behalf of the Board

**Dr. Jimmy Mirchandani**  
Chairman & Managing Director

**Dr. Rahul Mirchandani**  
Executive Director

**Mr. Akshay Mirchandani**  
Director

**Prof R S S Mani**  
Director

**Mr. C. B. Chhaya**  
Director

**Mr. B. V. Dholakia**  
Additional Director

**Mr. S. Ramamurthy**  
Chief Financial Officer

**Mr. Qaiser P. Ansari**  
Company Secretary

Place : Mumbai.  
Date : 30th May, 2013



## INDEPENDENT AUDITOR'S REPORT

### Report on the financial statements

We have audited the financial statements of **Golden Harvest Middle East FZC**, Sharjah Airport International Free Zone, Sharjah (the Company), which comprise the balance sheet as at 31 March 2013, 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

The 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 circumstance.

### Auditors' 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.

### Auditors' responsibility (Continued)

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors 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 the 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 as of 31 March 2013 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**AI Trabolsi Auditors & Accountants**  
**Certified Public Accountants**

**Date: 30 April 2013**

**Place: Sharjah**



## STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2013

	Notes	2013 AED	2012 AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	6,712,530	5,294,067
Investment in subsidiaries/associates	4	3,450,000	3,450,000
		<b>10,162,530</b>	<b>8,744,067</b>
<b>Current assets</b>			
Inventories	5	4,927,095	6,326,953
Accounts receivable	6	3,996,563	10,410,247
Prepayments and other receivables	7	2,802,804	175,764
Amounts due from related parties	8	27,244,464	21,495,677
Advance towards share application money	9	27,849,627	27,849,627
Cash and bank balances	10	92,334	41,431
Total current assets		<b>66,912,887</b>	<b>66,299,699</b>
<b>TOTAL ASSETS</b>		<b>77,075,417</b>	<b>75,043,766</b>
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	11	150,000	150,000
Shareholders' current accounts	12	18,748,000	18,748,000
Retained earnings		18,082,166	15,953,943
Reserve fund	13	75,000	75,000
Total shareholders' funds		<b>37,055,166</b>	<b>34,926,943</b>
<b>Non Current liabilities</b>			
Provision for employees' terminal benefits	14	94,643	77,271
Term loans - non current portion	15	31,705	84,501
Total non - current liabilities		<b>126,348</b>	<b>161,772</b>
<b>Current liabilities</b>			
Accounts payable and accruals	16	8,449,879	5,616,356
Short term loans	17	22,781,325	19,477,500
Amounts due to related parties	8	8,585,335	14,789,029
Term loans - current portion	15	77,364	72,166
Total current liabilities		<b>39,893,903</b>	<b>39,955,051</b>
Total liabilities		<b>40,020,251</b>	<b>40,116,823</b>
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>		<b>77,075,417</b>	<b>75,043,766</b>

The notes 1 to 28 form part of these financial statements.

For Golden harvest Middle East FZC  
Director

Place: Sharjah  
Date : 30 April 2013



**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	2013 AED	2012 AED
<b>INCOME</b>			
Sales	18	24,435,316	29,514,219
Cost of sales	19	(19,562,919)	(22,864,083)
<b>GROSS PROFIT</b>		<b>4,872,397</b>	6,650,136
Other income	20	85,777	5,645
<b>TOTAL INCOME</b>		<b>4,958,174</b>	6,655,781
<b>EXPENSES</b>			
Administration, selling and general expenses	21	1,240,285	1,208,030
Finance charges	22	866,863	701,019
Depreciation	3	722,803	643,364
		<b>2,829,951</b>	2,552,413
<b>Net profit for the year</b>		<b>2,128,223</b>	4,103,368

The notes 1 to 28 form part of these financial statements.

**STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2013**

Year to 31 March 2013	Share capital AED	Shareholders' current accounts AED	Retained earnings AED	Reserve fund AED	Total AED
Balance at 1 April 2012	150,000	18,748,000	15,953,943	75,000	34,926,943
Net profit for the year	-	-	2,128,223	-	2,128,223
<b>Balance at 31 March 2013</b>	<b>150,000</b>	<b>18,748,000</b>	<b>18,082,166</b>	<b>75,000</b>	<b>37,055,166</b>
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
<b>Balance at 31 March 2012</b>	<b>150,000</b>	<b>18,748,000</b>	<b>15,953,943</b>	<b>75,000</b>	<b>34,926,943</b>

The notes 1 to 28 form part of these financial statements.



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	2013 AED	2012 AED
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the year	2,128,223	4,103,368
Adjustment for:		
Depreciation	722,803	643,364
Provision for employees' terminal benefits	17,372	18,596
(Profit)/ loss on sale of property, plant and equipment	(34,592)	45,377
Operating profit before working capital changes	2,833,806	4,810,705
Decrease in inventories	1,399,858	1,358,731
Decrease/(increase) in accounts receivable	6,413,684	(7,560,665)
(Increase)/decrease in prepayments and other receivables	(2,627,040)	163,206
(Increase) in amounts due from related party	(5,748,787)	(5,677,092)
Increase in accounts payable and accruals	2,833,523	5,405,123
(Decrease) in amounts due to related party	(6,203,694)	(11,953,579)
<b>Net cash (used in) operating activities</b>	<b>(1,098,650)</b>	<b>(13,453,571)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,161,724)	(408,883)
Decrease in capital work in progress	-	56,724
Proceeds from sale of property, plant and equipment	55,050	97,000
<b>Net cash (used in) investing activities</b>	<b>(2,106,674)</b>	<b>(255,159)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in current accounts	-	1,857,500
Increase/(decrease) in term loans	(47,598)	40,575
Increase in short term loans	3,303,825	11,760,000
<b>Net cash (used in) financing activities</b>	<b>3,256,227</b>	<b>13,658,075</b>
Net increase/(decrease) in cash and cash equivalents	50,903	(50,655)
Cash and cash equivalents at beginning of the year	41,431	92,086
<b>Cash and cash equivalents at end of the year</b>	<b>92,334</b>	<b>41,431</b>

The notes 1 to 28 form part of these financial statements.



## Notes to the Financial Statements for the year ended 31 March 2013

### 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. 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.

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

Accounting period : These financial statements relate to the twelve months period from 1 April 2012 to 31 March 2013.

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

#### 2.1 Basis of preparation

##### 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 4 to the financial statements and to carrying values of property, plant, and equipment as described in note 3 to the financial statements.

#### 2.2 Changes in accounting policies

There have been new and revised Standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting year:

The management has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee that are applicable and were effective for the current accounting period:

- Amendments to IFRS 7 'Financial Instruments' issued in October 2010 helps the users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position and promotes transparency in the reporting of transfer transactions, particularly those that involve securitization of financial assets.

The management believes that the adoption of the amendments have not had any material impact on the presentation and disclosure of items in the financial statements for the current period.

At the end of the reporting period, the following new and revised standards that will be mandatorily applicable were in issue but not yet effective:

- IFRS 9, 'Financial Instruments', is effective for accounting periods beginning on or after 1 January 2015. The standard was issued in November 2009, which was added to in October 2010 and further amended in December 2011 amending the effective date from 1 January 2013 to 1 January 2015. Currently, IFRS 9 outlines the recognition and measurement of financial assets, financial liabilities and the derecognition criteria for financial assets. Financial assets are to be measured either at amortised cost or fair value through profit and loss, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. A financial asset can only be measured at amortised cost if the entity has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding.
- Amendments to IAS 1 'Presentation of Financial Statements' issued in June 2011 improves the consistency and clarity of the presentation of items of other comprehensive income (OCI). The amendments require an entity to group items presented in OCI on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment is effective for annual periods beginning on or after 1 July 2012.
- IFRS 13 'Fair value Measurements' was issued in May 2011 and sets out in a single IFRS a framework for measuring and disclosing fair values. The standard is effective for annual periods beginning on or after 1 January 2013.

Amendments to IFRS 7 'Financial Instruments: Disclosures' issued in December 2011 amended the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013.

- Annual improvements to IFRS issued in May 2012 (effective for annual periods beginning on or after 1 January 2013) has resulted, amongst other amendments, changes to the following standards:



## Notes to the Financial Statements for the year ended 31 March 2013

- IAS 1 'Presentation of Financial Statements' clarifies the requirements for comparative information.
- IAS 16 'Property, plant and equipment' clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. If they do not meet this definition they shall be classified as inventory.
- IAS 32 'Financial Instruments: Presentation' addresses the perceived inconsistencies between IAS 12 'Income Taxes' and IAS 32 with regards to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

The management believes the adoption of the above amendments is not likely to have any material impact on the presentation and disclosure of items in the financial statements for future periods.

### 2.3 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.



## Notes to the Financial Statements for the year ended 31 March 2013

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.

### 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.

### 2.4 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.

### 3 PROPERTY, PLANT AND EQUIPMENT

Movement in property, plant and equipment are given on page number 23.

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

### 4 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.



## Notes to the Financial Statements for the year ended 31 March 2013

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

	Name of associate/ subsidiary	Activity	Percentage of holding	Value	
				2013 AED	2012 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
				<b>3,450,000</b>	<b>3,450,000</b>

## 5 INVENTORIES

	2013 AED	2012 AED
Raw materials	<b>4,644,259</b>	4,576,557
Finished goods	<b>242,614</b>	1,719,617
Packing materials	<b>40,222</b>	30,779
	<b>4,927,095</b>	6,326,953

## 6 ACCOUNTS RECEIVABLE

	2013 AED	2012 AED
Accounts receivable	<b>3,996,563</b>	10,410,247
	<b>3,996,563</b>	10,410,247

- (i) At the balance sheet date net accounts receivable is due from single customer (2012 - 99%) are due from 3 customers).
- (ii) The aging analysis of the accounts receivable are as follows:

	2013 AED	2012 AED
Due for less than 6 months	<b>3,996,563</b>	10,410,247
Due for more than 6 months	-	-
	<b>3,996,563</b>	10,410,247

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

## 7 PREPAYMENTS AND OTHER RECEIVABLES

PREPAYMENTS AND OTHER RECEIVABLES	2013 AED	2012 AED
Prepayments	<b>102,855</b>	100,946
Deposits	<b>44,500</b>	47,500
Loans and advances	<b>17,718</b>	27,318
Advance paid to suppliers	<b>2,637,731</b>	-
	<b>2,802,804</b>	175,764

## 8 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.

RELATED PARTY TRANSACTIONS (Continued)		
<u>Amount due from related parties</u>	2013 AED	2012 AED
MAPCO Fertilizers	<b>3,103,307</b>	3,013,030
Amarak Chemicals FZC, Fujairah	<b>24,141,157</b>	18,482,647
	<b>27,244,464</b>	21,495,677
<u>Amount due to related parties</u>	2013 AED	2012 AED
Aries Agro Limited	<b>8,364,921</b>	14,521,865
Mirabelle Holdings	<b>220,414</b>	267,164
	<b>8,585,335</b>	14,789,029

The volumes of related party transactions during the year were as follows:-

	2013 AED	2012 AED
Sales	<b>5,900,401</b>	12,400,369
Purchases	<b>1,467,447</b>	3,545,420

**Key management compensation** (including Director's emoluments)

	2013 AED	2012 AED
Directors' remuneration	<b>486,000</b>	320,966
	<b>486,000</b>	320,966

## 9 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.

## 10 CASH AND BANK BALANCES

	2013 AED	2012 AED
Cash in hand	<b>1,733</b>	805
Current account with banks	<b>90,601</b>	40,626
	<b>92,334</b>	41,431



## Notes to the Financial Statements for the year ended 31 March 2013

## 11 SHARE CAPITAL

	2013 AED	2012 AED
Authorised, issued and paid-up capital (1,500 shares of AED 100 each)	150,000	150,000
	150,000	150,000

## 12 SHAREHOLDERS' CURRENT ACCOUNTS

Shareholders' current account balances do not attract interest and there are no defined repayment arrangements.

## 13 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.

## 14 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 2013 amounted to AED 21,328 (2012 - AED 18,596).

## 15 TERM LOANS

TERM LOANS	2013 AED	2012 AED
Motor vehicle loans	109,069	156,667
	109,069	156,667

Installments falling due within 12 months of the balance sheet date - classified as current liabilities.

	2013 AED	2012 AED
Current portion	77,364	72,166
Non - current portion	31,705	84,501

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.

## 16 ACCOUNTS PAYABLE AND ACCRUALS

	2013 AED	2012 AED
Trade payables	566,832	5,445,650
Accrued expenses	337,537	170,706
Advance received from customers	5,524,260	-
Other payables	2,021,250	-
	8,449,879	5,616,356

## 17 SHORT TERM LOANS

	2013 AED	2012 AED
Bank term loans	22,781,325	19,477,500
	22,781,325	19,477,500

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.

## 18 SALES

SALES	2013 AED	2012 AED
Trading	18,824,510	17,114,475
Manufacturing	5,610,806	12,399,744
	24,435,316	29,514,219

## 19 COST OF SALES

COST OF SALES	2013 AED	2012 AED
Opening inventories	6,326,953	7,685,684
Purchases	17,507,223	20,705,044
Direct expenses	655,838	800,308
Less: Closing inventories	(4,927,095)	(6,326,953)
	19,562,919	22,864,083

## 20 OTHER INCOME

	2013 AED	2012 AED
Other income	51,185	5,645
Profit on sale of property, plant and equipment	34,592	-
	85,777	5,645

## 21 ADMINISTRATION, SELLING AND GENERAL EXPENSES

ADMINISTRATION, SELLING AND GENERAL EXPENSES	2013 AED	2012 AED
Salaries and benefits	626,221	502,517
Rent expenses	187,249	210,501
Communication expenses	44,035	55,226
Legal and professional charges	36,273	61,531
Repairs and maintenance	71,852	20,972
Traveling, and conveyance	8,313	5,154
Printing and stationery	10,557	5,792
Insurance charges	28,249	26,527
Other expenses	200,940	274,433
Advertisement and business promotion expenses	26,596	-
Loss on sale of property, plant and equipment	-	45,377
	1,240,285	1,208,030



## Notes to the Financial Statements for the year ended 31 March 2013

## 22 FINANCE CHARGES

	2013 AED	2012 AED
Bank charges	14,540	15,527
Loss on currency exchange fluctuation	5,237	7,557
Interest charges	847,086	677,935
	866,863	701,019

## 23 FINANCIAL RISK AND CAPITAL MANAGEMENT

## 23.1 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.

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.

## 23.2 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.

## 24 CAPITAL COMMITMENTS

There were no material capital commitments at the balance sheet date.

## 25 CONTINGENT LIABILITIES

There are no material contingent liabilities at the balance sheet date.

## 26 SEGMENT REPORTING

The Company does not have distinguishable business segments. However the geographical distribution of revenues are set out as follows.

	2013 AED	2012 AED
United Arab Emirates	9,135	109,626
Other countries:		
India	5,882,132	12,400,369
Kenya	7,519,969	7,105,612
Oman	3,996,562	7,105,612
Egypt	6,964,125	2,793,000
Bangladesh	63,393	-
	24,435,316	29,514,219

## 27 COMPARATIVE FIGURES

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.

## 28 LEVEL OF PRECISION

All figures are rounded off to nearest Dirhams (AED).



## Notes to the Financial Statements for the year ended 31 March 2013

## 3. PROPERTY, PLANT AND EQUIPMENT

## AT 31 MARCH 2013

	Building	Machineries	Equipments	Office furniture	Motor vehicles	Total
	AED	AED	AED	AED	AED	AED
<b>Cost:</b>						
at 1 April 2012	2,695,473	4,239,546	63,648	54,752	341,501	7,394,920
additions during the year	-	2,125,877	2,347	-	33,500	2,161,724
disposals during the year	-	(22,050)	-	-	(108,200)	(130,250)
at 31 March 2013	2,695,473	6,343,373	65,995	54,752	266,801	9,426,394
<b>Depreciation:</b>						
at 1 April 2012	455,779	1,389,466	42,254	47,786	165,568	2,100,853
charge for the year	134,774	533,117	3,900	3,880	47,132	722,803
on disposals	-	(9,660)	-	-	(100,132)	(109,792)
at 31 March 2013	590,553	1,912,923	46,154	51,666	112,568	2,713,864
<b>Net book values:</b>						
at 31 March 2013	2,104,920	4,430,450	19,841	3,086	154,233	6,712,530
at 31 March 2012	2,239,694	2,850,080	21,394	6,966	175,933	5,294,067



## **AUDITOR'S REPORT**

### **Report on the financial statements**

We have audited the financial statements of **Amarak Chemicals FZC**, Fujairah Free Zone, Fujairah (the Company), which comprise the balance sheet as at 31 March 2013, 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**

The 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 circumstance.

### **Auditors' 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors 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 the 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 as of 31 March 2013 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Al Trabolsi Auditors & Accountants**  
**Certified Public Accountants**

Date: 30 April 2013

Place: Sharjah



## BALANCE SHEET AS AT 31 MARCH 2013

	Notes	2013 AED	2012 AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	3,59,58,126	3,91,35,176
Total non-current assets		3,59,58,126	3,91,35,176
<b>Current assets</b>			
Inventories	4	1,69,88,519	1,11,81,332
Accounts receivable	5	85,41,561	29,43,969
Deposits, advances and prepayments	6	76,15,925	73,64,933
Cash and bank balances	7	2,52,006	1,61,701
Total current assets		3,33,98,011	2,16,51,935
<b>TOTAL ASSETS</b>		<b>6,93,56,137</b>	<b>6,07,87,111</b>
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	8	30,00,000	30,00,000
Shareholders' current accounts	9	69,67,454	65,35,454
Legal reserve	10	1,81,500	-
Retained earnings/accumulated (losses)		3,97,050	(12,36,449)
Total shareholders' equity		1,05,46,004	82,99,005
Share application money	11	2,78,49,627	2,78,49,627
Total shareholders' funds		3,83,95,631	3,61,48,632
<b>Non Current liabilities</b>			
Provision for employees' terminal benefits	12	98,764	53,791
Term loans - non current portion	13	1,30,463	1,62,968
Total non -current liabilities		2,29,227	2,16,759
<b>Current liabilities</b>			
Accounts payable and accruals	14	64,40,182	58,11,245
Amounts due to related parties	15	2,41,41,157	1,85,05,487
Term loans - current portion	13	1,49,940	1,04,988
Total current liabilities		3,07,31,279	2,44,21,720
Total liabilities		3,09,60,506	2,46,38,479
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>		<b>6,93,56,137</b>	<b>6,07,87,111</b>

The notes 1 to 26 form part of these financial statements.

For Amarak Chemicals FZC

Director

Place : Fujairah

Date : 30 April 2013



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 AED	2012 AED
<b>INCOME</b>			
Sales	16	3,10,27,218	2,28,03,625
Cost of sales	17	(1,94,91,094)	(1,33,28,263)
<b>GROSS PROFIT</b>		<b>1,15,36,124</b>	<b>94,75,362</b>
Other income	18	985	26,479
<b>TOTAL INCOME</b>		<b>1,15,37,109</b>	<b>95,01,841</b>
<b>EXPENSES</b>			
Administration and general expenses	19	44,16,776	52,23,391
Finance charges	20	16,40,804	11,49,119
Depreciation	3	36,64,530	36,23,013
		<b>97,22,110</b>	<b>99,95,523</b>
<b>Net profit/(loss) for the year</b>		<b>18,14,999</b>	<b>(4,93,682)</b>

The notes 1 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 31 MARCH 2013

Year to 31 March 2013	Share capital	Shareholders' current accounts	Retained earnings	Legal reserve	Total
	AED	AED	AED	AED	AED
<b>Balance at 1 April 2012</b>	30,00,000	65,35,454	(12,36,449)	-	82,99,005
Net profit for the year	-	-	18,14,999	-	18,14,999
Transfer to legal reserve	-	-	(1,81,500)	1,81,500	-
Net movements in current accounts	-	4,32,000	-	-	4,32,000
<b>Balance at 31 March 2013</b>	<b>30,00,000</b>	<b>69,67,454</b>	<b>3,97,050</b>	<b>1,81,500</b>	<b>1,05,46,004</b>

Year to 31 March 2012	Share capital	Shareholders' current accounts	Retained earnings	Legal reserve	Total
	AED	AED	AED	AED	AED
<b>Balance at 1 April 2011</b>	30,00,000	64,15,875	(7,42,767)	-	86,73,108
Net profit for the year	-	-	(4,93,682)	-	(4,93,682)
Net movements in current accounts	-	1,19,579	-	-	1,19,579
<b>Balance at 31 March 2012</b>	<b>30,00,000</b>	<b>65,35,454</b>	<b>(12,36,449)</b>	<b>-</b>	<b>82,99,005</b>

The notes 1 to 26 form part of these financial statements.



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013**

	<b>2013 AED</b>	<b>2012 AED</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) for the year	<b>18,14,999</b>	(4,93,682)
Adjustment for:		
Depreciation	<b>36,64,530</b>	36,23,013
Provision for employees' terminal benefits	<b>44,973</b>	20,528
(Profit) on sale of property, plant and equipment	-	(15,868)
Operating profit before working capital changes	<b>55,24,502</b>	31,33,991
(Increase)/decrease in inventories	<b>(58,07,187)</b>	6,02,835
(Increase)/decrease in accounts receivable	<b>(55,97,592)</b>	25,77,278
(Increase) in deposits, advances and prepayments	<b>(2,50,992)</b>	(65,02,453)
(Decrease) in accounts payable and accruals	<b>6,28,937</b>	(6,96,806)
Increase in amounts due to related party	<b>56,35,670</b>	7,63,890
<b>Net cash from/(used in) operating activities</b>	<b>1,33,338</b>	(1,21,265)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(4,87,480)</b>	(5,08,865)
Proceeds from sale of property, plant and equipment	-	49,750
<b>Net cash (used in) investing activities</b>	<b>(4,87,480)</b>	(4,59,115)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in current accounts	<b>4,32,000</b>	1,19,579
Increase in term loans	<b>12,447</b>	46,155
<b>Net cash from financing activities</b>	<b>4,44,447</b>	1,65,734
Net increase/(decrease) in cash and cash equivalents	<b>90,305</b>	(4,14,646)
Cash and cash equivalents at beginning of the year	<b>1,61,701</b>	5,76,347
<b>Cash and cash equivalents at end of the year</b>	<b>2,52,006</b>	<b>1,61,701</b>

The notes 1 to 26 form part of these financial statements.

For Amarak Chemicals FZC

Director

Place : Fujairah

Date : 30 April 2013



## **Notes To The Financial Statements For The Year Ended 31 March 2013**

### **1 LEGAL STATUS AND ACTIVITY :**

**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, United Arab Emirates.

**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.

**Management :** As per the license issued by Fujairah Free Zone Authority, Mr. Subramani Shankaranarayan Chalakudi and Mr. Akshay Mirchandani, Indian Nationals are appointed as Directors of the Company.

**Accounting period :** These financial statements relate to the period from 1 April 2012 to 31 March 2013.

### **2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

#### **2.1 Basis of preparation**

##### **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 property, plant, and equipment as described in note 3 to the financial statements.

#### **2.2 Changes in accounting policies**

There have been new and revised Standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting year:

The management has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee that are applicable and were effective for the current accounting period:

- Amendments to IFRS 7 'Financial Instruments' issued in October 2010 helps the users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position and promotes transparency in the reporting of transfer transactions, particularly those that involve securitization of financial assets.

The management believes that the adoption of the amendments have not had any material impact on the presentation and disclosure of items in the financial statements for the current period.

At the end of the reporting period, the following new and revised standards that will be mandatorily applicable were in issue but not yet effective:

- IFRS 9, 'Financial Instruments', is effective for accounting periods beginning on or after 1 January 2015. The standard was issued in November 2009, which was added to in October 2010 and further amended in December 2011 amending the effective date from 1 January 2013 to 1 January 2015. Currently, IFRS 9 outlines the recognition and measurement of financial assets, financial liabilities and the derecognition criteria for financial assets. Financial assets are to be measured either at amortised cost or fair value through profit and loss, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. A financial asset can only be measured at amortised cost if the entity has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding.
- Amendments to IAS 1 'Presentation of Financial Statements' issued in June 2011 improves the consistency and clarity of the presentation of items of other comprehensive income (OCI). The amendments require an entity to group items presented in OCI on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment is effective for annual periods beginning on or after 1 July 2012.
- IFRS 13 'Fair value Measurements' was issued in May 2011 and sets out in a single IFRS a framework for measuring and disclosing fair values. The standard is effective for annual periods beginning on or after 1 January 2013.
- Amendments to IFRS 7 'Financial Instruments: Disclosures' issued in December 2011 amended the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013.



- Annual improvements to IFRS issued in May 2012 (effective for annual periods beginning on or after 1 January 2013) has resulted, amongst other amendments, changes to the following standards:
- IAS 1 'Presentation of Financial Statements clarifies the requirements for comparative information.
- IAS 16 'Property, plant and equipment' clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. If they do not meet this definition they shall be classified as inventory.
- IAS 32 'Financial Instruments: Presentation' addresses the perceived inconsistencies between IAS 12 'Income Taxes' and IAS 32 with regards to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

The management believes the adoption of the above amendments is not likely to have any material impact on the presentation and disclosure of items in the financial statements for future periods.

## 2.3 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
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.

## 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.

## 2.4 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.

## 3 PROPERTY, PLANT AND EQUIPMENT

Movement in property, plant and equipment are given on page number 21. Motor vehicles purchased under financing arrangements are subject to a charge.

## 4 INVENTORIES

Raw materials  
Finished goods  
Packing materials  
Consumables

2013 AED	2012 AED
1,55,85,891	84,81,981
11,10,167	22,54,700
2,83,463	4,36,170
8,998	8,481
<u>1,69,88,519</u>	<u>1,11,81,332</u>



	2013 AED	2012 AED
<b>5 ACCOUNTS RECEIVABLE</b>		
Accounts receivable	85,41,561	29,43,969
	<b>85,41,561</b>	<b>29,43,969</b>
(i) At the balance sheet date, 97% of net accounts receivable (2012 - 100%) are due from 2 customers (2012 - 1 customer).		
(ii) The aging analysis of the accounts receivable are as follows:		
Due for less than 6 months	85,41,561	29,43,969
Due for more than 6 months	-	-
	<b>85,41,561</b>	<b>29,43,969</b>
(iii) Accounts receivable are considered collectible based on historic experience.		
<b>6 DEPOSITS, ADVANCES AND PREPAYMENTS</b>		
Prepayments	9,75,395	15,63,449
Deposits	3,41,233	2,19,433
Advance to suppliers	62,81,657	55,57,247
Staff advance	7,500	-
Deferred interest on motor vehicle loan	10,140	24,804
	<b>76,15,925</b>	<b>73,64,933</b>
<b>7 CASH AND BANK BALANCES</b>		
Cash in hand	384	1,593
Current account with banks	2,51,622	1,60,108
	<b>2,52,006</b>	<b>1,61,701</b>
<b>8 SHARE CAPITAL</b>		
Authorised, issued and paid-up capital (20,000 shares of AED 150 each)	30,00,000	30,00,000
	<b>30,00,000</b>	<b>30,00,000</b>
<b>9 SHAREHOLDERS' CURRENT ACCOUNTS</b>		
Shareholders' current account balances do not attract interest and there are no defined repayment arrangements.		
<b>10 LEGAL RESERVE</b>		
This represents reserve created out of profit of the Company in accordance with the provisions of Memorandum and Articles of Association of the Company.		
<b>11 SHARE APPLICATION MONEY</b>		
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.		
<b>12 PROVISION FOR EMPLOYEES' TERMINAL BENEFITS</b>		
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 2013 amounted to AED 44,973 (2012 AED - 20,528).		
<b>13 TERM LOANS</b>		
Motor vehicle loan	2,80,403	2,67,956
	<b>2,80,403</b>	<b>2,67,956</b>
Installments falling due within 12 months of the balance sheet date - classified as current liabilities.		
Current portion	1,49,940	1,04,988
Non current - portion	1,30,463	1,62,968
Long term loans represent installments on motor vehicle loans not payable within 12 months of the balance sheet date. Motor vehicle loans taken from finance companies for purchase of motor vehicles are secured by a charge on the motor vehicles purchased under such financing arrangements.		



## Amarak Chemicals FZC

	2013 AED	2012 AED
<b>14 ACCOUNTS PAYABLE AND ACCRUALS</b>		
Accounts payable	24,36,958	23,13,038
Accrued expenses	4,06,318	1,77,394
Other payables	28,66,500	33,07,500
Advance received from customers	7,30,406	13,313
	<b>64,40,182</b>	<b>58,11,245</b>
<b>15 RELATED PARTY TRANSACTIONS</b>		
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.		
<b>Amounts due to related parties</b>		
Golden Harvest Middle East FZC	2,41,41,157	1,84,82,647
Aries Agro Ltd, Mumbai, India	-	22,840
	<b>2,41,41,157</b>	<b>1,85,05,487</b>
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:-		
Sales	23,46,671	20,67,132
Purchases	3,39,885	-
Directors remuneration	4,14,000	2,94,000
<b>16 SALES</b>		
Trading	1,68,81,112	1,31,66,423
Manufacturing	1,41,46,106	96,37,202
	<b>3,10,27,218</b>	<b>2,28,03,625</b>
<b>17 COST OF SALES</b>		
Opening inventories	1,11,81,332	1,17,84,167
Purchases	2,28,33,478	1,07,70,563
Direct expenses	24,64,803	19,54,865
Less: Closing inventories	(1,69,88,519)	(1,11,81,332)
	<b>1,94,91,094</b>	<b>1,33,28,263</b>
<b>18 OTHER INCOME</b>		
Other income	985	10,611
Profit on sale of property, plant and equipment	-	15,868
	<b>985</b>	<b>26,479</b>
<b>19 ADMINISTRATION AND GENERAL EXPENSES</b>		
Salaries and benefits	8,30,686	7,29,862
Rent expenses	19,78,252	27,27,182
Communication expenses	1,48,994	1,26,348
Legal and professional charges	1,33,964	2,24,504
Advertisement and business promotion expenses	6,155	12,054
Insurance charges	1,34,873	1,13,558
Clearing and forwarding charges- Export	8,43,369	8,90,908
Office expenses	80,674	1,32,815
Repairs and maintenance	26,504	27,118
Commission expenses	1,42,755	-
Vehicle running expenses	55,621	81,861



	2013 AED	2012 AED
Visa expenses	18,904	11,039
Miscellaneous expenses	-	1,13,189
Printing and stationery	5,000	12,941
Travelling expenses	2,385	6,888
Water and electricity charges	8,640	13,124
	<b>44,16,776</b>	<b>52,23,391</b>

## 20 FINANCE CHARGES

Bank charges	22,789	27,665
Loss on currency exchange fluctuation	22,489	33,238
Interest charges	15,95,526	10,88,216
	<b>16,40,804</b>	<b>11,49,119</b>

## 21 FINANCIAL RISK AND CAPITAL MANAGEMENT

### 21.1 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 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.

### 21.2 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.



	2013 AED	2012 AED
<b>22 COMMITMENTS</b>		
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.		
(i) Not later than one year from balance sheet date	1,92,000	1,92,000
(ii) 1-5 years post balance sheet date	6,56,000	7,68,000
(iii) More than five years post balance sheet date	-	80,000
	<b>8,48,000</b>	<b>10,40,000</b>
<b>23 CONTINGENT LIABILITIES</b>		
There are no material contingent liabilities at the balance sheet date.		
<b>24 SEGMENT REPORTING</b>		
The Company does not have distinguishable business segments. However the geographical distribution of revenues are set out as follows.		
<u>Other countries:</u>		
Oman	1,18,33,500	1,31,66,423
Brazil	71,10,895	-
Tanzania	58,27,921	50,03,815
India	49,98,459	45,00,569
Sri Lanka	2,50,635	-
Pakistan	83,148	1,06,725
New Zealand	1,50,028	-
Australia	7,72,632	26,093
	<b>3,10,27,218</b>	<b>2,28,03,625</b>
<b>25 COMPARATIVE FIGURES</b>		
Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.		
<b>26 LEVEL OF PRECISION</b>		
All figures are rounded off to nearest Dirhams (AED).		

**3. PROPERTY, PLANT AND EQUIPMENT AT 31 MARCH 2013**

Particulars	Building	Machineries	Furniture, fixtures and office equipments	Motor vehicles	Total
	AED	AED	AED	AED	AED
<b>Cost:</b>					
at 1 April 2012	1,45,01,619	2,82,09,793	1,43,566	2,52,500	4,31,07,478
additions during the year	1,51,000	2,86,930	550	49,000	4,87,480
at 31 March 2013	1,46,52,619	2,84,96,723	1,44,116	3,01,500	4,35,94,958
<b>Depreciation:</b>					
at 1 April 2012	7,92,900	30,95,688	31,310	52,404	39,72,302
charge for the year	7,28,993	28,32,440	28,728	74,369	36,64,530
at 31 March 2013	15,21,893	59,28,128	60,038	1,26,773	76,36,832
<b>Net book values:</b>					
at 31 March 2013	1,31,30,726	2,25,68,595	84,078	1,74,727	3,59,58,126
at 31 March 2012	1,37,08,719	2,51,14,105	1,12,256	2,00,096	3,91,35,176



**NOTICE OF 7<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the Seventh Annual General Meeting of the Members of **ARIES AGRO CARE PRIVATE LIMITED** will be held on Tuesday, 24<sup>th</sup> September, 2013 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 31<sup>st</sup> March, 2013 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 Prof R. S. S. Mani 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**

**Dr. Jimmy Mirchandani  
Director**

**Place: Mumbai  
Date: 15<sup>th</sup> May, 2013**

**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 Seventh Annual Report together with Audited Statement of Accounts of the Company for the period ended 31<sup>st</sup> March, 2013.

### **1. FINANCIAL RESULTS :**

During year under review the Company did not do any business. However there was Other Income amounting to Rs. 1,777/- as against the Turnover of previous year of Rs. 37,39,687/- . Consequently the Company has incurred a loss of Rs. 5,95,669/- as compared to the Loss of Rs. 7,12,827/- 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, Prof. R. S. S. Mani 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 temporarily suspended the Seeds business during the previous year which continued during the current year. The Cash losses and the Accumulated 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 : 15<sup>th</sup> May, 2013



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF**

### **ARIES AGRO CARE PRIVATE LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **ARIES AGRO CARE PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as it appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from the branches not visited by us].
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from the branches not visited by us].
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

**Kirti D. Shah**  
Proprietor

**Place : MUMBAI**  
**Date : 15<sup>th</sup> May, 2013**

Membership No. 032371



## 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. 5,587,435/- (Previous Year Rs. 10,349,327/-) and closing balance as on 31/03/2013 is Rs. 5,587,435/- (Previous Year Rs. 5,334,935/-)
- b. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms as other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- c. The Company is regular in repaying the principal amounts as situated and has been regular in the payment of interest
- d. As per information and explanation provided to us, the company has not granted any loans. Hence, this clause is not applicable to the company.
- 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 Rs.50 lakhs as at the commencement of the financial year concerned or average annual turnover does not exceed Rs. 5 crore rupee for a period of three consecutive financial year immediately preceeding 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. ***The Company was incorporated in the year 2007 and has incurred cash loss of Rs. 5.96 lakhs during the year and has incurred cash loss of Rs. 10.92 lakhs during FY 2011-12. The accumulated loss as on 31<sup>st</sup> March, 2013 was Rs 25.84 lakhs. Accumulated loss is 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.
- 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: 15<sup>th</sup> May, 2013



**Balance Sheet as at 31st March, 2013**

Particulars	Note No.	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
(1) <b>Shareholder's Funds</b>			
(a) Share Capital	3	100,000	100,000
(b) Reserves and Surplus	4	(2,583,608)	(1,987,939)
		<u>(2,483,608)</u>	<u>(1,887,939)</u>
(2) <b>Current Liabilities</b>			
(a) Short Term Borrowings	5	5,787,435	5,334,935
(b) Trade Payables	6	124,578	116,106
(c) Other Current Liabilities	7	22,743	208,161
		<u>5,934,756</u>	<u>5,659,202</u>
<b>TOTAL</b>		<u><b>3,451,148</b></u>	<u><b>3,771,263</b></u>
<b>II. ASSETS</b>			
(1) <b>Non-Current Assets</b>			
(a) Unamortised Expenses	8	-	251,844
		<u>-</u>	<u>251,844</u>
(2) <b>Current Assets</b>			
(a) Cash & Cash Equivalents	9	52,289	128,334
(b) Short Term Loans and Advances	10	3,398,859	3,391,085
		<u>3,451,148</u>	<u>3,519,419</u>
<b>TOTAL</b>		<u><b>3,451,148</b></u>	<u><b>3,771,263</b></u>
<b>Significant Accounting Policies &amp;</b>			
<b>The Notes to Accounts 1 to 24 form part of these Financial Statements</b>			

**As per our report of even date**
**For Kirti D. Shah & Associates**  
Chartered Accountants  
Firm Registration No. 115133W

**Kirti D. Shah**  
Proprietor  
Membership No 32371

**Place :** Mumbai.  
**Date :-** 15th May, 2013.

**For and on behalf of the Board**
**Dr. Jimmy Mirchandani**  
Director

**Dr. Rahul Mirchandani**  
Director



## Statement of Profit and Loss for the year ended 31st March 2013

Particulars	Note No.	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
I. Revenue from Operations	11	-	3,657,809
II. Other Income	12	1,777	81,878
III. Total Revenue ( I + II )		1,777	3,739,687
IV. Expenses :			
(a) Cost of Sales (Traded Goods)	13	-	3,878,684
(b) Depreciation & Amortization Expenses	14	251,844	251,843
(c) Other Expenses	15	345,602	321,987
Total Expenses		597,446	4,452,514
V. Profit Before Tax ( PBT ) - ( III - IV )		(595,669)	(712,827)
VI. Provision for Taxation			
(i) Tax Expense			
Deferred Tax		-	378,828
		-	378,828
VII. Profit / (Loss) for the period (PAT) - ( V - VI )		(595,669)	(1,091,655)
VIII. Earnings per Equity Share			
(1) Basic & Diluted	16	(59.57)	(109.17)
<b>Significant Accounting Policies &amp;</b>			
<b>The Notes to Accounts 1 to 24 form part of these Financial Statements</b>			

As per our report of even date

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

**Kirti D. Shah**  
Proprietor  
Membership No 32371

**Place :** Mumbai.  
**Date :-** 15th May, 2013.

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, 2013**

( Rupees in Lakhs )

Sr. No.	Particulars	2012-13	2011-12
<b>A)</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax as per Profit and Loss Account	(5.96)	(7.13)
	<b>Adjusted for :</b>		
	Depreciation and Amortisation Expenses	2.52	2.52
	Interest Income	(0.02)	(0.06)
		<u>2.50</u>	<u>2.46</u>
	Operating Profit before Working Capital Changes	(3.46)	(4.67)
	<b>Adjusted for :</b>		
	Trade Receivable	-	20.73
	Inventories	-	38.79
	Trade Payable	0.08	(5.14)
	Other Payable	(1.85)	0.48
		<u>(1.77)</u>	<u>54.85</u>
	Cash Generated from Operations,	<u>(5.23)</u>	<u>50.18</u>
	Net Cash from Operating Activities	<u>(5.23)</u>	<u>50.18</u>
<b>B)</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
	Movement in Short Term Loans and Advances	(0.08)	-
	Interest Income	0.02	0.06
	Net Cash (used in) Investing Activity	<u>(0.06)</u>	<u>0.06</u>
<b>C)</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES:</b>		
	Short Term Borrowings ( Net )	4.53	(50.17)
	Net Cash ( used in ) / from financing activities	<u>4.53</u>	<u>(50.17)</u>
	Net Increase in Cash and Cash Equivalents	(0.76)	0.07
	Opening Balance of Cash and Cash Equivalents	1.28	1.22
	Closing Balance of Cash and Cash Equivalents	<u>0.52</u>	<u>1.28</u>

**As per our report of even date**
**For Kirti D. Shah & Associates**  
 Chartered Accountants  
 Firm Registration No. 115133W

**Kirti D. Shah**  
 Proprietor  
 Membership No 32371

**Place :** Mumbai.  
**Date :-** 15th May, 2013.

**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, 2013

### 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) Basis of preparations of Financial Statements

The Financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

#### (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.

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



## Notes to the Financial Statements for the year ended 31st March, 2013

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 tax and value added tax (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

### 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



## Notes to the Financial Statements for the year ended 31st March, 2013

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 profit & loss account.

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 profit and loss account.

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.



## **Notes to the Financial Statements for the year ended 31st March, 2013**

### **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, 2013

## 3 SHARE CAPITAL

		As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Authorised Share Capital</b>			
10,000 Equity Shares of Rs. 10/- each		100,000	100,000
<b>Total</b>		<b>100,000</b>	<b>100,000</b>
<b>Issued, Subscribed and Paidup</b>			
10,000 Equity Shares of Rs.10/- each.		100,000	100,000
<b>Total</b>		<b>100,000</b>	<b>100,000</b>

## 3.1 Reconciliation of Number of Shares Outstanding

Particulars	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Equity Shares at the beginning of the year	10,000	10,000
Equity Shares at the end of the year	10,000	10,000

## 3.2 List of Shareholder's holding more than 5 percent of Shares

Name of the Shareholder	No. of Shares	As at 31st March, 2013 % Held	No. of Shares	As at 31st March, 2012 % Held
(i) Aries Agro Limited	10,000	100.00	10,000	100.00

## 4 RESERVES AND SURPLUS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Profit &amp; Loss Account</b>		
As per last Balance Sheet	(1,987,939)	(896,284)
Add:- Profit / (Loss) for the year	(595,669)	(1,091,655)
<b>Total</b>	<b>(2,583,608)</b>	<b>(1,987,939)</b>

## 5 SHORT TERM BORROWINGS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Un-Secured Term Loans</b>		
Dues to Directors	200,000	-
Loan from Holding Company	5,587,435	5,334,935
	<b>5,787,435</b>	<b>5,334,935</b>

## 6 TRADE PAYABLES

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Creditors for Expenses	124,578	116,106
<b>Total</b>	<b>124,578</b>	<b>116,106</b>

- 6.1 There are no Micro and Small Enterprises to whom Company owes dues, which are outstanding for more than 45 days as at 31st March, 2013. 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 Financial Statements for the year ended 31st March, 2013**

**7 OTHER CURRENT LIABILITIES**

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Advance/Credits from Customers	22,743	22,743
Statutory Dues	-	185,418
<b>Total</b>	<b>22,743</b>	<b>208,161</b>

**8 UNAMORTISED EXPENSES**

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
(Pre-operative Expenses) As per last Balance Sheet	251,844	503,687
	<b>251,844</b>	<b>503,687</b>
Less :- 1/5th W/off to Profit and Loss A/c	<b>251,844</b>	251,843
	-	<b>251,844</b>

**9 CASH AND CASH EQUIVALENTS**

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Balance with Scheduled Banks in Current Accounts	24,344	57,166
Balance with Scheduled Banks in Fixed Deposit Accounts	27,945	71,168
<b>Total</b>	<b>52,289</b>	<b>128,334</b>

**10 SHORT TERM LOANS AND ADVANCES**

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Deposits	32,000	32,000
Others - Advances to Suppliers	3,321,859	3,314,085
<b>Tax Refund</b>		
MAT Credit	45,000	45,000
<b>Total</b>	<b>3,398,859</b>	<b>3,391,085</b>

10.1 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 towards this advance.

**11 REVENUE FROM OPERATIONS**

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Sales of Packing Material / Seeds	-	3,657,809
<b>Total</b>	<b>-</b>	<b>3,657,809</b>



## Notes to the Financial Statements for the year ended 31st March, 2013

## 12 OTHER INCOME

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Interest Income on :</b>		
Bank Fixed Deposits	1,777	6,168
<b>Other Non-Operating Income</b>		
Misc. / Other Income	-	75,710
<b>Total</b>	<b>1,777</b>	<b>81,878</b>

## 13 COST OF SALES (TRADED GOODS)

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
1) Opening Stock	-	220,875
Add : Purchases	-	-
	-	220,875
Less : Closing Stock	-	-
	-	220,875
2) Opening Stock of Packing Materials	-	3,657,809
Add : Purchases	-	-
	-	3,657,809
Less : Closing Stock of Packing Materials	-	-
Packing Materials Consumed	-	3,657,809
Consumption of Materials (1+2)	-	3,878,684

## 14 AMORTISATION

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
Pre-operative expenses w/off	251,844	251,843
<b>Total</b>	<b>251,844</b>	<b>251,843</b>

## 15 OTHER EXPENSES

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
<b>Other Administration Expenses</b>		
Audit Fees	16,854	16,854
Legal & Professional Fees	310,844	289,929
Rent, Rates & Taxes	17,904	15,204
<b>Total</b>	<b>345,602</b>	<b>321,987</b>

## 15.1 Payment to Auditors as :

Particulars	As at 31st March, 2013 Rupees	As at 31st March, 2012 Rupees
Statutory Audit Fees	16,854	16,854
Taxation Matters	5,618	27,731
	<b>22,472</b>	<b>44,585</b>



**Notes to the Financial Statements for the year ended 31st March, 2013**
**16 EARNINGS PER SHARE (EPS)**

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
i) Net Profit After Tax (PAT) as per Profit and Loss Account attributable to Equity Shareholders (Rs.in Lacs)	(595,669)	(1,091,655)
ii) Weighted Average number of Equity Shares used as denominator for calculating EPS	10,000	10,000
iii) Basic & Diluted Earnings per Share (Rs.)	(59.57)	(109.17)
iv) Face Value per Equity Share (Rs.)	10	10

17 Though the Company has discontinued its operations and has incurred losses during the year and its losses are in excess of the paid up capital and free reserves. The company in view of the commitment of the holding company, the principle of going concern is not violated.

**18 RELATED PARTY DISCLOSURES**

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

<b>Part - A</b>					
<b>Details of Related Parties as per AS - 18</b>					
<b>Sr. No.</b>	<b>Nature of Relationship</b>	<b>Name of the Related Party</b>		<b>Remarks</b>	
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	<b>Name of the Key Management Personnel</b>		<b>Name of the Relative</b>	
		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
					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	c)	A Subsidiary of Aries Agro Limited
		d)	Amarak Chemicals	d)	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 Ltd		



## Notes to the Financial Statements for the year ended 31st March, 2013

<b>Part - B</b>				
<b>Details of Transactions with Related Parties</b>				
<b>Sr. No.</b>	<b>Category</b>	<b>Nature of Service</b>	<b>Year Ended 31 March 2013 Rupees</b>	<b>Year Ended 31 March 2012 Rupees</b>
1.	Holding Company	Finance - Loans / Payments Given	<b>75,000</b>	5,014,392
		Finance - Loans / Payments Received	<b>327,500</b>	-
		Sale of Packing Material / Goods	-	3,840,699
		Receipts from Sale of Goods	-	5,913,288
		Payments (Net of Receipts) for Goods	-	2,896
2.	Key Management Personnel	Financial Loan taken	<b>200,000</b>	-

<b>Part - C</b>				
<b>Balance Outstanding with Related Parties</b>				
<b>Nature of Outstanding</b>	<b>Category</b>	<b>Name of the Party</b>	<b>As at 31 March 2013 Rupees</b>	<b>As at 31 March 2012 Rupees</b>
Unsecured Loans	Holding Company	Aries Agro Limited	<b>5,587,435</b>	5,334,935
	Key Management Personnel	Dr. Jimmy Mirchandani	<b>200,000</b>	-

**19. 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, sundry debtors and loans and advances are subject to confirmation.

**20. Contingent Liability**

- a) Guarantees issued to Revenue / Tax Authorities of Rs. 2.45 Lakhs. (Previous Year Rs. 2.45 Lakhs).
- b) Claims against company not acknowledged as debts Rs. 130.64 Lakhs which pertains to pending suits regarding alleged dues.

**21. Foreign Exchange Earnings & Outflow:**

During the year there were no Foreign Exchange earning, expenditure or outflow.

**22. 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 31<sup>st</sup> March, 2013. 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.

**23. 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).

**24. 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**  
Chartered Accountants  
Firm Registration No. 115133W

**Kirti D. Shah**  
Proprietor  
Membership No 32371

**Place :** Mumbai.  
**Date :-** 15th May, 2013.

**For and on behalf of the Board**

**Dr. Jimmy Mirchandani**  
Director

**Dr. Rahul Mirchandani**  
Director



**NOTICE OF 7<sup>TH</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the Seventh Annual General Meeting of the Members of **ARIES AGRO EQUIPMENTS PRIVATE LIMITED** will be held on Tuesday, 24<sup>th</sup> September, 2013 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, 2013 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 Prof R. S. S. Mani 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: 15<sup>th</sup> May, 2013**

**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 Seventh Annual Report together with Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

### **1. FINANCIAL RESULTS :**

The Company generated a turnover of Rs. 1,13,09,058/- as against the expenses of 1,00,33,673/- . The Profit of the Company after tax was Rs. 7,72,976/- as compared to Profit of Rs. 25,34,216/- in the previous year.

### **2. CURRENT STATUS :**

In view of the extremely volatile nature of the business, your Directors have temporarily suspended the business of the Company.

### **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 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, Prof. R. S. S. Mani 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

Place : Mumbai  
Date : 15<sup>th</sup> July, 2013

**Dr. Rahul Mirchandani**  
Director



## **INDEPENDENT AUDITORS' REPORT OF ARIES AGRO EQUIPMENTS PVT.LTD.**

### **TO THE MEMBERS OF**

### **ARIES AGRO EQUIPMENTS PRIVATE LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **ARIES AGRO EQUIPMENTS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as it appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from the branches not visited by us].
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For Kirti D. Shah & Associates**

Chartered Accountants  
Firm Registration No. 115133W

**Kirti D. Shah**

Proprietor  
Membership No. 032371

Place : MUMBAI

Date : 15<sup>th</sup> May, 2013



**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 1,07,79,318/- (Previous Year Rs. 1,10,63,644/-) and closing balance as on 31/03/2013 is Rs. 45,48,279/- (Previous Year Rs. 1,07,79,318/-).
- b. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms as other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- c. The Company is regular in repaying the principal amounts as situated and has been regular in the payment of interest
- d. As per information and explanation provided to us, the company has not granted any loans. Hence, this clause is not applicable to the company.
- 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. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or agreements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regards to 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 Rs.50 lacs as at the commencement of the financial year concerned or average annual turnover does not exceed Rs. 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 except some occasional delay.
- 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. 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 report.
- 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.



## Aries Agro Equipments Private Limited

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- xiv. The company is not dealing or trading in shares, securities, debentures and other investments.
- 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**  
Chartered Accountants  
Firm Registration No. 115133W

**Kirti D. Shah**  
Proprietor  
Membership No. 032371

Place : MUMBAI  
Date : 15<sup>th</sup> May, 2013



**Balance Sheet as at 31 March 2013**

Particulars	Note No.	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
(1) <b>Shareholder's Funds</b>			
(a) Share Capital	3	100,000	100,000
(b) Reserves and Surplus	4	8,745,186	7,972,211
		<u>8,845,186</u>	<u>8,072,211</u>
(2) <b>Current Liabilities</b>			
(a) Short Term Borrowings	5	4,588,279	10,849,318
(b) Trade Payables	6	454,707	1,329,935
(c) Other Current Liabilities	7	637,509	1,088,352
(d) Short Term Provisions	8	30,000	1,350,000
		<u>5,710,495</u>	<u>14,617,605</u>
<b>TOTAL</b>		<u><u>14,555,682</u></u>	<u><u>22,689,817</u></u>
<b>II. ASSETS</b>			
(1) <b>Current Assets</b>			
(a) Inventories	9	-	9,043,610
(b) Trade Receivables	10	13,646,401	10,549,077
(c) Cash & Cash Equivalents	11	6,851	1,312,176
(d) Short Term Loans and Advances	12	118,000	216,091
(6) Other Current Assets	13	784,430	1,568,862
		<u>14,555,682</u>	<u>22,689,817</u>
<b>TOTAL</b>		<u><u>14,555,682</u></u>	<u><u>22,689,817</u></u>

**Significant Accounting Policies &  
The Notes to Accounts 1 to 26 form part of these Financial Statements**

**As per our Report of even date**

**For Kirti D Shah & Associates**

Chartered Accountants

Firm Registration No. 115133W

**Kirti D Shah**

Proprietor

Membership No 32371

Place : Mumbai

Date : 15<sup>th</sup> May, 2013

**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 2013**

Particulars	Note No.	Year Ended 31 March 2013	Year Ended 31 March 2012
I. Revenue from Operations	14	11,304,560	23,389,435
II. Other Income	15	4,498	115,300
III. Total Revenue ( I + II )		11,309,058	23,504,735
IV. Expenses :			
(a) Cost of Sales ( Traded Goods)	16	9,043,610	16,641,153
(b) Finance Costs	17	29,782	41,140
(c) Amortisation	13	784,432	784,432
(d) Other Expenses	18	175,849	2,065,923
Total Expenses		10,033,673	19,532,648
V. Profit Before Tax ( III - IV )		1,275,385	3,972,087
VI. Provision for Taxation			
(i) Tax Expense			
Current Tax		450,000	1,350,000
		450,000	1,350,000
VII. Profit after Tax (PAT) - ( V - VI )		825,385	2,622,087
Less:- Short Provision for Tax in Earlier Years		52,410	87,871
VIII. Profit / ( Loss ) for the period		772,976	2,534,216
IX. Earnings per Equity Share	19		
(1) Basic & Diluted		77.30	253.42

**Significant Accounting Policies &**
**The Notes to Accounts 1 to 26 form part of these Financial Statements**
**As per our Report of even date**
**For Kirti D Shah & Associates**

Chartered Accountants

Firm Registration No. 115133W

**Kirti D Shah**

Proprietor

Membership No 32371

Place : Mumbai

Date : 15<sup>th</sup> May, 2013

**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, 2013**

(Rupees in Lakhs)

Sr. No.	Particulars	2012-13	2011-12
<b>A)</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax as per Profit and Loss Account	12.75	39.72
	<b>Adjusted for :</b>		
	Pre-operative Expenses w/off	7.84	7.84
	Finance cost	0.30	0.41
		<u>8.14</u>	<u>8.26</u>
	Operating Profit before Working Capital Changes	20.90	47.98
	<b>Adjusted for :</b>		
	Trade Receivable	(30.97)	5.67
	Inventories	90.44	(49.33)
	Trade Payable	(8.75)	4.41
	Other Payable	(17.71)	(7.57)
		<u>33.00</u>	<u>(46.83)</u>
	Cash Generated from Operations,	53.90	1.15
	Net Prior Year Adjustments	(0.52)	(0.88)
	Taxes Paid	(4.50)	(13.50)
		<u>(5.02)</u>	<u>(14.38)</u>
	Net Cash from Operating Activities	48.87	(13.23)
<b>B)</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
	Movement in Short Term Loans and Advances	0.98	(0.73)
	Net Cash ( used in) Investing Activities	0.98	(0.73)
<b>C)</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES:</b>		
	Short Term Borrowings ( Net )	(62.61)	16.29
	Interest Paid	(18.90)	(0.41)
	Net Cash ( used in ) / from financing activities	(81.51)	15.87
	Net Increase in Cash and Cash Equivalents	(13.05)	1.91
	Opening Balance of Cash and Cash Equivalents	13.12	11.21
	Closing Balance of Cash and Cash Equivalents	0.07	13.12

**As per our Report of even date**

**For Kirti D Shah & Associates**

Chartered Accountants

Firm Registration No. 115133W

**Kirti D Shah**

Proprietor

Membership No 32371

Place : Mumbai

Date : 15<sup>th</sup> May, 2013

**For and on behalf of the Board**

**Dr. Jimmy Mirchandani**

Director

**Dr. Rahul Mirchandani**

Director



**Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2013.**

**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) Basis of preparations of Financial Statements**

The Financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

**(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, 2013**

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, 2013**

**(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 profit & loss account.

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 profit and loss account.

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, 2013**

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, 2013

### 3 SHARE CAPITAL

	As at 31 March 2013	As at 31 March 2012
<b>Authorised Share Capital</b>		
10,000 Equity Shares of Rs. 10/- each	100,000	100,000
<b>Total</b>	<u>100,000</u>	<u>100,000</u>
<b>Issued, Subscribed and Paidup</b>		
10,000 Equity Shares of Rs.10/- each.	100,000	100,000
<b>Total</b>	<u>100,000</u>	<u>100,000</u>

#### 3.1 Reconciliation of Number of Shares Outstanding

Particulars	As at 31st March, 2013 No. of Shares	As at 31st March, 2012 No. of Shares
Equity Shares at the beginning of the year	10,000	10,000
Equity Shares at the end of the year	<u>10,000</u>	<u>10,000</u>

#### 3.2 List of Shareholder's holding more than 5 percent of Shares

Name of the Shareholder	No. of Shares	As at 31st March, 2013 % Held	No. of Shares	As at 31st March, 2012 % Held
(i) Aries Agro Limited	10,000	100.00	10,000	100.00
	10,000	100.00	10,000	100.00

### 4 RESERVES AND SURPLUS

	As at 31 March 2013	As at 31 March 2012
<b>Profit &amp; Loss Account</b>		
As per last Balance Sheet	7,972,211	5,437,995
Add:- Profit for the year	772,975	2,534,216
<b>Total</b>	<u>8,745,186</u>	<u>7,972,211</u>

### 5 SHORT TERM BORROWINGS

	As at 31 March 2013	As at 31 March 2012
<b>Un-Secured Borrowings</b>		
Dues to Directors	20,000	-
From Holding Company	4,548,279	10,779,318
Security Deposits	20,000	70,000
<b>Total</b>	<u>4,588,279</u>	<u>10,849,318</u>

### 6 TRADE PAYABLES

	As at 31 March 2013	As at 31 March 2012
Creditors for Goods	-	45,470
Creditors for expenses	454,707	1,284,465
<b>Total</b>	<u>454,707</u>	<u>1,329,935</u>

- 6.1 There are no Micro and Small Enterprises to whom Company owes dues, which are outstanding for more than 45 days as at 31st March, 2013. 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 Financial Statements for the year ended 31st March, 2013**

**7 OTHER CURRENT LIABILITIES**

	As at 31 March 2013	As at 31 March 2012
	2013	2012
Advance/Credits from Customers	553,726	987,578
Statutory Dues	83,783	100,774
	<u>637,509</u>	<u>1,088,352</u>

**8 SHORT TERM PROVISIONS**

	As at 31 March 2013	As at 31 March 2012
Provision for Income Tax	30,000	1,350,000
<b>Total</b>	<u>30,000</u>	<u>1,350,000</u>

**9 INVENTORIES**

	As at 31 March 2013	As at 31 March 2012
(At lower of cost or Net Realisable Value) (As Certified and valued by the Management)		
Finished Goods	-	9,043,610
<b>Total</b>	<u>-</u>	<u>9,043,610</u>

**10 TRADE RECEIVABLES**

	As at 31 March 2013	As at 31 March 2012
(Unsecured - Considered Good)		
Outstanding for a period exceeding six months ( from Due Date of Payment )	13,553,141	6,697,493
Others	93,259	3,851,584
<b>Total</b>	<u>13,646,401</u>	<u>10,549,077</u>

10.1 Trade receivables outstanding for a period of more than 6 months are as follows:-

Particulars	As at 31st March, 2013	As at 31st March, 2013
(i) Aries Agro Limited	11,648,314	107,815
(ii) Others	1,904,827	6,589,678
	<u>13,553,141</u>	<u>6,697,493</u>

**11 CASH AND CASH EQUIVALENTS**

	As at 31st March, 2013	As at 31st March, 2013
Balance with Scheduled Banks in Current Account	6,851	1,312,176
<b>Total</b>	<u>6,851</u>	<u>1,312,176</u>

**12 SHORT TERM LOANS AND ADVANCES**

	As at 31st March, 2013	As at 31st March, 2013
Balances with Sales Tax Authorities	-	56,656
Deposits	118,000	159,435
<b>Total</b>	<u>118,000</u>	<u>216,091</u>



## Notes to the Financial Statements for the year ended 31st March, 2013

### 13. OTHER CURRENT ASSETS

	As at 31st March, 2013	As at 31st March, 2013
<b>Unamortised Expenses</b>		
(a) As per last Balance Sheet	1,568,862	2,353,294
(b) Less :- 1/5th w/off	784,432	784,432
	<u>784,430</u>	<u>1,568,862</u>

### 14 REVENUE FROM OPERATIONS

	Year Ended 31 March 2013	Year Ended 31 March 2012
Sales of Traded Products	11,304,560	23,389,435
<b>Total</b>	<u>11,304,560</u>	<u>23,389,435</u>

### 15 OTHER INCOME

	Year Ended 31 March 2013	Year Ended 31 March 2012
<b>Other Non-Operating Income</b>		
Misc. / Other Income	3,273	33,081
Re-Processing Charges	-	82,219
Discount	1,225	-
<b>Total</b>	<u>4,498</u>	<u>115,300</u>

### 16 COST OF SALES (TRADED GOODS)

	Year Ended 31 March 2013	Year Ended 31 March 2012
Opening Stock	9,043,610	4,110,415
Add : Purchases	-	21,574,348
	<u>9,043,610</u>	<u>25,684,763</u>
Less : Closing Stock	-	9,043,610
<b>Cost of Sales of Traded Goods</b>	<u>9,043,610</u>	<u>16,641,153</u>

### 17 FINANCE COSTS

	Year Ended 31 March 2013	Year Ended 31 March 2012
Interest Expense	368	2,608
Other Borrowing Costs	29,414	38,532
<b>Total</b>	<u>29,782</u>	<u>41,140</u>

### 13 AMORTISATION

	Year Ended 31 March 2013	Year Ended 31 March 2012
Pre-operative expenses w/off	784,432	784,432
<b>Total</b>	<u>784,432</u>	<u>784,432</u>



## Notes to the Financial Statements for the year ended 31st March, 2013

### 18 OTHER EXPENSES

	Year Ended 31 March 2013	Year Ended 31 March 2012
<b>Selling &amp; Distribution Expenses</b>		
Advertisement & Publicity	-	39,300
Discount and Rebate	-	21,178
Freight & Delivery Expenses	1,630	1,513,996
Selling Expenses	-	178,279
	<b>1,630</b>	<b>1,752,753</b>
<b>Other Administration Expenses</b>		
Audit Fees	28,090	28,090
General Expenses	1,242	20,100
Legal & Professional Fees	67,562	79,697
Printing & Stationery	-	34,215
Rent, Rates & Taxes	77,325	134,719
Repairs & Maintenance	-	16,350
	<b>174,219</b>	<b>313,171</b>
<b>Total</b>	<b>175,849</b>	<b>2,065,923</b>

#### 18.1 Payment to Auditors as :

Particulars	As at 31st March, 2013	As at 31st March, 2013
(i) Statutory Audit Fees	28,090	28,090
(ii) Tax Audit Fees	16,854	16,854
(iii) Taxation Matters	33,708	44,585
	<b>78,652</b>	<b>89,529</b>

### 19 EARNINGS PER SHARE (EPS)

	Year Ended 31 March 2013	Year Ended 31 March 2012
i) Net Profit After Tax (PAT) as per Profit and Loss Account attributable to Equity Shareholders	772,975	2,534,216
ii) Weighted Average number of Equity Shares used as denominator for calculating EPS	10,000	10,000
iii) Basic & Diluted Earnings per Share (Rs.)	77.30	253.42
iv) Face Value per Equity Share (Rs.)	10	10



## Aries Agro Equipments Private Limited

### Notes to the Financial Statements for the year ended 31st March, 2013

#### 20 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	<b>Name of the Key Management Personnel</b>		<b>Name of the Relative</b>	
		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)	Master Armaan Mirchandani Son
				c)	Dr. Jimmy Mirchandani Brother
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	c)	A Subsidiary of Aries Agro Limited
		d)	Amarak Chemicals FZC	d)	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 Ltd		

Part - B				
Details of Transactions with Related Parties				
Sr. No.	Category	Nature of Service	Year Ended	Year Ended
1	Holding Company	Finance - Loans / Payments Given	8,188,449	285,223
		Finance - Loans / Payments Received	1,957,410	1,875,000
		Sale of Goods	11,648,314	107,815
		Purchases Made (Inclusive of VAT)	-	21,665,000
		Receipts from Sale of Goods	-	107,815
		Payments (Net of Receipts) for Goods	-	21,708,791
2.	Key Management Personnel	Loan Taken	20,000	-

Part - C				
Balance Outstanding with Related Parties				
Nature of Outstanding	Category	Name of the Party	Year Ended 31 March 2013	Year Ended 31 March 2012
Unsecured Loans	Holding Company	Aries Agro Limited	4,548,279	10,779,318
	Key Management Personnel	Dr. Jimmy Mirchandani	20,000	
Creditors for Goods	Holding Company	Aries Agro Limited	-	45,470
Trade receivables	Holding Company	Aries Agro Limited	11,769,164	-



**Notes to the Financial Statements for the year ended 31st March, 2013****21. 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, Sundry Debtors and Loans and Advances are subject to confirmation.

**22. Contingent Liability**

- a) Guarantees issued to Revenue / Tax Authorities of Rs. 0.20 Lacs. (Previous Year Rs. 0.20 Lacs)

**23. Foreign Exchange Earnings & Outflow:**

During the year there was no foreign exchange earning, expenditure or outflow.

**24. 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, 2013. 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.

**25. 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).

- 26. The Previous years figures are re-arranged or re-grouped wherever is necessary.

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**As per our Report of even date****For Kirti D Shah & Associates**

Chartered Accountants

Firm Registration No. 115133W

**Kirti D Shah**

Proprietor

Membership No 32371

Place : Mumbai

Date : 15<sup>th</sup> May, 2013

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**For and on behalf of the Board****Dr. Jimmy Mirchandani**

Director

**Dr. Rahul Mirchandani**

Director



## **NOTICE OF 5<sup>TH</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the Fifth Annual General Meeting of the Members of **ARIES AGRO PRODUCE PRIVATE LIMITED** will be held on the Tuesday, 24<sup>th</sup> September, 2013 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 31<sup>st</sup> March, 2013 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. Jimmy 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: 15<sup>th</sup> May, 2013**

### **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 Fifth Annual Report together with Audited Statement of Accounts of the Company for the period ended 31<sup>st</sup> March, 2013.

**1. FINANCIAL RESULTS :**

The Company has incurred a loss of Rs. 22,846/- during the year under review.

**2. STATUS OF THE PROJECT :**

The operations of the Company has not yet commenced. The Company has 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. Jimmy 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 and Accumulated 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 : 15<sup>th</sup> May, 2013



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF**

#### **ARIES AGRO PRODUCE PRIVATE LIMITED**

##### **Report on the Financial Statements**

We have audited the accompanying financial statements of **ARIES AGRO PRODUCE PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

##### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

##### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as it appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from the branches not visited by us].
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from the branches not visited by us].
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For Kirti D. Shah & Associates**

Chartered Accountants

Firm Registration No. 115133W

**Kirti D. Shah**

Proprietor

Membership No. 032371

Place : Mumbai

Date : 15<sup>th</sup> May, 2013



## 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. 65,460/-(Previous Year Rs. 130,460/-) and closing balance as on 31/03/2013 is Rs. 65,460/-(Previous Year Rs. 65,460/-)
- b. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms as other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- c. The Company is regular in repaying the principal amounts as situated and has been regular in the payment of interest
- d. As per information and explanation provided to us, the company has not granted any loans. Hence, this clause is not applicable to the company.
- 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 Rs.50 lacs as at the commencement of the financial year concerned or average annual turnover does not exceed Rs. 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. 0.23 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.



## Aries Agro Produce Private Limited

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- xiv. The company is not dealing or trading in shares, securities, debentures and other investments.
- 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: 15<sup>th</sup> May, 2013.



### Balance Sheet as at 31st March, 2013

Particulars	Note No.	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
(1) <b>Shareholder's Funds</b>			
(a) Share Capital	3	100,000	100,000
(b) Reserves and Surplus	4	(229,083)	(206,237)
		(129,083)	(106,237)
(a) Short Term Borrowings	5	65,460	65,460
(b) Trade Payables	6	69,556	52,702
(c) Other Current Liabilities	7	1,020	510
		136,036	118,672
TOTAL		6,953	12,435
<b>II. ASSETS</b>			
(1) <b>Current Assets</b>			
(a) Cash & Cash Equivalents	8	6,953	12,435
TOTAL		6,953	12,435
<b>Significant Accounting Policies &amp;</b>			
<b>The Notes to Accounts 1 to 18 form part of these Financial Statements</b>			

As per our report of even date

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

**Kirti D. Shah**  
Proprietor  
Membership No 32371

**Place :** Mumbai  
**Date:-** 15th May, 2013.

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 2013**

Particulars	Note No.	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
<b>I. Expenses :</b>			
(a) Amortisation	9	-	163,690
(b) Other Expenses	10	22,846	42,547
Total Expenses		22,846	206,237
<b>II. Profit / ( Loss ) for the period (PAT)</b>		(22,846)	(206,237)
<b>III. Earnings per Equity Share</b>			
(1) Basic & Diluted	11	(2.28)	(20.62)
<b>Significant Accounting Policies &amp;</b>			
<b>The Notes to Accounts 1 to 18 form part of these Financial Statements</b>			

As per our report of even date

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

**Kirti D. Shah**  
Proprietor  
Membership No 32371

**Place :** Mumbai

**Date:-** 15th May, 2013.

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, 2013**

(Rupees in Lakhs)

Sr. No.	Particulars	2012-13	2011-12
<b>A)</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax as per Profit and Loss Account	(0.23)	(2.06)
	<b>Adjusted for :</b>		
	Depreciation and Amortisation Expenses	-	1.64
		-	1.64
	Operating Profit before Working Capital Changes	(0.23)	(0.43)
	<b>Adjusted for :</b>		
	Other Receivable	-	0.22
	Trade Payable	0.17	0.20
	Other Payable	0.01	0.01
		0.17	0.43
	Cash Generated from Operations,	(0.05)	0.00
	Net Cash from Operating Activities	(0.05)	0.00
<b>B)</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
	Net Cash (used in) Investing Activities	-	-
<b>C)</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES:</b>		
	Short Term Borrowings ( Net )	-	(0.65)
	Net Cash (used in) / from financing activities	-	(0.65)
	Net Increase in Cash and Cash Equivalents	(0.05)	(0.65)
	Opening Balance of Cash and Cash Equivalents	0.12	0.77
	Closing Balance of Cash and Cash Equivalents	0.07	0.12

**As per our report of even date**

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

**Kirti D. Shah**  
Proprietor  
Membership No 32371

**Place :** Mumbai  
**Date:-** 15th May, 2013.

**For and on behalf of the Board**

**Dr. Jimmy Mirchandani**  
Director

**Dr. Rahul Mirchandani**  
Director



**Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2013.**

**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) Basis of preparations of Financial Statements**

The Financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

**(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.

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.



## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2013.

### 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 tax and value added tax (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 31<sup>st</sup> March 2013.**

**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 profit & loss account.

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 profit and loss account.

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



## Notes to the Financial Statements for the year ended 31st March, 2013

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.

There is no reasonable certainty of future prospects of the company for profit earning hence deferred tax is not provided in the books of accounts.

### 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 2013 Rupees	As at 31 March 2012 Rupees
<b>Authorised Share Capital</b>		
500,000 Equity Shares of Rs. 10/- each	5,000,000	5,000,000
<b>Total</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>Issued, Subscribed and Paidup</b>		
10000 Equity Shares of Rs.10/- each.	100,000	100,000
<b>Total</b>	<b>100,000</b>	<b>100,000</b>

### 3.1 Reconciliation of Number of Shares Outstanding

Particulars	As at 31 March 2013 Rupees No. of Shares	As at 31 March 2012 Rupees No. of Shares
Equity Shares at the beginning of the year	10,000	10,000
Equity Shares at the end of the year	10,000	10,000



## Notes to the Financial Statements for the year ended 31st March, 2013

### 3.2 List of Shareholder's holding more than 5 percent of Shares

Name of the Shareholder	No. of Shares	As at 31st March, 2013 % Held	No. of Shares	As at 31st March, 2012 % 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%
	<b>10,000</b>	<b>100%</b>	<b>10,000</b>	<b>100%</b>

### 4 RESERVES AND SURPLUS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
As per last Balance Sheet	(206,237)	-
Add:- Profit /(Loss) as per Profit & Loss Account	(22,846)	(206,237)
<b>Total</b>	<b>(229,083)</b>	<b>(206,237)</b>

### 5 SHORT TERM BORROWINGS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
<b>Un-Secured Borrowings</b>		
<b>Loan from Holding Company</b>		
Aries Agro Limited	65,460	65,460
	<b>65,460</b>	<b>65,460</b>

### 6 TRADE PAYABLES

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Creditors for Expenses	69,556	52,702
<b>Total</b>	<b>69,556</b>	<b>52,702</b>

### 7 OTHER CURRENT LIABILITIES

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Dues to Directors	1,020	510
<b>Total</b>	<b>1,020</b>	<b>510</b>

### 8 CASH & CASH EQUIVALENTS

	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Balance with Scheduled Banks in Current Account	6,953	12,435
<b>Total</b>	<b>6,953</b>	<b>12,435</b>



## Notes to the Financial Statements for the year ended 31st March, 2013

### 9 AMORTISATION

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
Pre-operative expenses w/off	-	163,690
<b>Total</b>	<b>-</b>	<b>163,690</b>

### 10 OTHER EXPENSES

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
<b>Other Administration Expenses</b>		
Audit Fees	11,236	11,236
Legal & Professional Fees	5,618	30,801
Rent, Rates & Taxes	1,020	510
Other Expenses	4,972	-
<b>Total</b>	<b>22,846</b>	<b>42,547</b>

#### 10.1 Payment to Auditors as :

Particulars	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Statutory Audit Fees	11,236	11,236
Taxation Matters	5,618	5,618
	<b>16,854</b>	<b>16,854</b>

### 11 EARNINGS PER SHARE (EPS)

	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
i) Net Profit After Tax (PAT) as per Profit and Loss Account attributable to Equity Shareholders	(22,846)	(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.)	(2.28)	(20.62)
iv) Face Value per Equity Share (Rs.)	10	10

### 12 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



**Notes to the Financial Statements for the year ended 31st March, 2013**

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 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
4	Fellow Subsidiaries	a) Aries Agro Care Pvt Ltd b) Aries Agro Equipments Pvt Ltd c) Golden Harvest Middle East FZC d) Amarak Chemicals FZC	a) A wholly owned Subsidiary of Aries Agro Limited b) A wholly owned Subsidiary of Aries Agro Limited c) A Subsidiary of Aries Agro Limited d) 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 Ltd		

**Part - B**
**Details of Transactions with Related Parties**

Sr. No.	Category	Nature of Service	Year Ended 31 March 2013 Rupees	Year Ended 31 March 2012 Rupees
1	Holding Company	Finance - Loans / Payments Given	-	65,000

**Part - C**
**Balance Outstanding with Related Parties**

Category	Nature of Outstanding	Name of the Party	As at 31 March 2013 Rupees	As at 31 March 2012 Rupees
Holding Company	Unsecured Loans	Aries Agro Limited	65,460	65,460

**13. 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 and Loans and Advances are subject to confirmation. .

**14. Contingent liability is generally not provided in the accounts but is disclosed by way of notes to accounts.**
**15. Foreign Exchange Earnings & Outflow:**

During the year there were no Foreign Exchange earnings, expenditure or outflow.

**16. 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 31<sup>st</sup> March, 2013. 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.

**17. There is no reasonable certainty of future prospect of the company for profit earning hence deferred tax is no provided in the books of accounts**
**18. 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**  
Chartered Accountants  
Firm Registration No. 115133W

**Kirti D. Shah**  
Proprietor  
Membership No 32371

**Place :** Mumbai

**Date:-** 15th May, 2013.

**For and on behalf of the Board**

**Dr. Jimmy Mirchandani**  
Director

**Dr. Rahul Mirchandani**  
Director





### 43<sup>rd</sup> 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 Third Annual General Meeting** held on Monday, the **30<sup>th</sup> September, 2013** at The Chembur Gymkhana, 16<sup>th</sup> Road, Chembur, Mumbai – 400 071.

SIGNATURE OF THE SHAREHOLDER / PROXY\* \_\_\_\_\_

\*Strike out whichever is not applicable



### 43<sup>rd</sup> 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 Third Annual General Meeting** of the Company to be held on Monday, the **30<sup>th</sup> September, 2013** and at any adjournment thereof.

Affix  
Re.1/=  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2013







TRIPURA EXHIBITION WITH CM



LUCKNOW MAHOTSAV



ORGANIC FARMERS MARKET EXHIBITION (MUMBAI)





INC INDIA 500 2013 CERTIFICATE



ARIES ALL INDIA STRATEGY MEET



INAUGURATING ARIES NEW FACTORY



CIC PRODUCT LAUNCH IN SRI LANKA



BOOK POST

 *If undelivered, please return to:*  
**aries agro limited**

Aries House, Plot No. 24, Deonar, Govandi (E),  
Mumbai - 400 043. Tel. : +91- 22- 25564052 / 25564053  
Fax. No.:91-22-25564054 Website: [www.ariesagro.com](http://www.ariesagro.com)  
E-mail: [investorrelations@ariesagro.com](mailto:investorrelations@ariesagro.com)