

aries agro limited



Report



38th
ANNUAL REPORT
2 0 0 7 - 2 0 0 8

Winner 



**EMERGING
INDIA
AWARDS
2008**

Powered by **CRISIL**



FMCG, Food & Agri - Business



"The Emerging India 2008 Awards Trophy being presented to Aries Agro Limited on 8th July, 2008 at London by Mr Kamal Nath, Hon'ble Minister for Commerce & Industry and Mr L. N. Mittal, Chairman of Arcelor-Mittal, the largest steel producer in the world".

Letter to Shareholders

Dear Members,

It is with a deep sense of satisfaction, immense pleasure and great pride that I present to you the **Thirty Eighth Annual Report** of your Company, Aries Agro Limited.

2007-08, the year under review in this Report, has been nothing short of a **milestone in the history of Aries**. Your Company is now the **first specialty plant nutrient Company in India to have successfully completed an IPO** to fund our expansion plans and our equity shares are now listed on both the premier Stock Exchanges of India, the BSE & NSE. Our IPO received excellent response from Investors, and was oversubscribed 7.62 times. I wish to thank all our Institutional, Overseas and Individual Investors and would also like to extend a very warm welcome to the Aries family.

We have crossed the **Rs 1 billion mark in sales revenue** for the first time in this fiscal year and the profitability of your Company has grown significantly. I am sure that you will go through the detailed financial results with great interest and appreciate the efforts of every member of the Aries family. Each of them has worked tirelessly in ensuring the healthy growth of our Company and I must pause to salute their efforts, their loyalty and commitment to Aries.

The year has also seen Aries begin the journey **towards transforming oneself into an Indian multinational**. We now own a 75% stake in Golden Harvest Middle East FZC, an investment that will create Aries' first manufacturing base abroad for Chelated Micronutrients. Through Golden Harvest, we also own a 25% stake in Mapco Fertilizers, UAE, which will manufacture water soluble NPK fertilizers for Aries and also open up a new, fast growing trade channel for our entire range of specialty plant nutrients in the Middle East and North Africa regions. Our flagship brands, Agromin Max, Chelamin and Chelafer are already on the shelves in these overseas markets, in addition to the SAARC Region where Aries already had a presence. Your Company is now making great strides in ensuring that it gives **"India's Best to the World!"**

Innovation and 'next practices' continues to remain our priority. The year saw Aries beginning the roll out of a fleet of customized rural retail vehicles that will be used to create a hybrid distribution channel in unserved parts of India's rural markets. We will work with our major distributors in providing **greater access to our products and extension services in the remotest parts of India**. In addition to this innovative channel of distribution, Aries created a country-first in the launch of water soluble, self dissolving zip lock sachets for Chelamin. This marks the beginning of a **new era of environmentally safe packaging**, effectively eliminating the use of plastics and aluminium foil in the delivery of this unique pack of Chelated Zinc. Moreover this pack is sufficient for a single spray tank dose making it affordable even to farmers owning very small land areas.

We also launched a unique **Aries Agro Young Indian Farmers Network in partnership with the Confederation of Indian Industry**. The objective of this network is the spread of knowledge of best practices and globally accepted crop management practices. The network already has over 5100 young farmers, aged 25 to 40

years, from 8 states engaged in a series of events that range from study tours, conferences and seminars, experiential sharing and University led field demonstrations and extensive research. The network and Aries are working to make **"Balanced Crop Nutrition a National Imperative."** The year also saw two editions of our flagship Knowledge dissemination event, **Agromax**, held at Mumbai and Hyderabad with the august presence of young, progressive farmers from across India, scientists and eminent researchers, Industry leaders and senior government officials. Aries remains firm in its resolve to use the power of knowledge on specialty plant nutrition as a catalyst to improving India's farm productivity. These initiatives have had immense impact on the trust that our customers evince in the Aries brand and the acceptability of our products across the country.

We are rapidly increasing our manufacturing capacities in India. A planned capacity addition at four new manufacturing locations commenced with the **inauguration of our largest, most automated factory at Pashamylaram, Hyderabad on 24 March 2008**. This factory with a 32500 MT capacity is larger than all our four existing units at Mumbai, Hyderabad, Bangalore and Kolkata (total of 21400 MT). Work has commenced on setting up new facilities at Ahmedabad and Lucknow as well and these units will be ready soon. Your Company will have increased its manufacturing base to 100,800 MT by the end of 2009 and these investments will help us **maintain our leadership position** in the specialty plant nutrient markets that we service. The year also saw us increasing throughput through our 5,000 distributors and 70,000 strong retail network with a range of best-in-class plant protection products as well. Every addition to our product portfolio, makes your Company inch closer to its dream of being India's Specialty Agri Input Superbazaar.

The efforts of Aries Agro were recently recognized on the World stage. Your Company was the proud winner of the **"CNBC Emerging India Award 2008"**, being recognized as the best performing and most promising SME in the FMCG, Food and Agri-business category. This award instituted by CNBC TV18 & ICICI Bank, powered by CRISIL, evaluated over 3,00,000 Indian SMEs on a wide set of quantitative and qualitative criteria, using a rigorous four-step process including a jury evaluation. Now in its fourth year, this award is the **last word in SME rankings in India and the largest, most competitive business awards in the World**. Aries Agro would not have achieved this distinction without the efforts of every member of the Aries family, across the sales, marketing, production, administrative and support teams, and the trust evinced by your Company's 7 million customers who trust Aries brands and use them on their farms every single day.

I would like to thank each one of you personally and assure you that Aries will not rest on these laurels. **With every passing day, we shall grow larger, stronger and more vibrant as an organization**. The world is our market today and with your continued support, your Company will rise to conquer global markets, while remaining firmly committed to the enduring Aries values.

Sincerely,

Dr. T. B. Mirchandani
Chairman

BOARD OF DIRECTORS

Dr. T. B. Mirchandani – *Chairman & Managing Director*
Dr. Jimmy Mirchandani – *Joint Managing Director*
Dr. Rahul Mirchandani – *Executive Director*
Dr. S. R. Ganesh – *Director*
Dr. D. S. Jadhav – *Director*
Prof. R. S. S. Mani – *Director*

CHIEF FINANCIAL OFFICER

Mr. S. Ramamurthy – *Chief Financial Officer*

COMPANY SECRETARY

Mr. Qaiser P. Ansari – *Company Secretary & Compliance Officer*

AUDITORS

Kirti D Shah and Associates
53, Juhu Supreme Shopping
Centre, 2nd Floor, Gulmohar
Cross Road No. 9, JVPD Scheme,
Mumbai - 400 049.

INTERNAL AUDITORS

Sandeep Sheth & Associates
Flat No. 419, 4th Floor,
Raj Garden,
'E' Wing, Mahavir Nagar,
Kandivli (W), Mumbai - 400 067

BANKERS

ICICI Bank Ltd.
Maratha Mandir Annexe,
Dr. A. B. Nair Road,
Mumbai Central (East),
Mumbai - 400 008.

Indian Overseas Bank,
Chembur Branch,
First Road, Chembur,
Mumbai - 400 071.

BRANCH NETWORK

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

MANUFACTURING LOCATIONS

Mumbai
Bangalore
Hyderabad
Kolkata

REGISTERED OFFICE

Aries House, Plot No. 24,
Deonar, Govandi (East),
Mumbai - 400 043.

CONTENTS		
Description	Company	Page Nos.
Notice & Agenda	Aries Agro Limited	4-6
	Aries Agro Care Private Limited	80
	Aries Agro Equipments Private Limited	88
Directors Report	Aries Agro Limited	7-9
	Aries Agro Care Private Limited	81
	Aries Agro Equipments Private Limited	89
Auditors Report	Aries Agro Limited-Consolidated	27
	Aries Agro Limited-Standalone	46-48
	Golden Harvest Middle East FZC	70
	Aries Agro Care Private Limited	81
	Aries Agro Equipments Private Limited	89
Reports & Account – Balance Sheet as at 31st March, 2008	Aries Agro Limited-Consolidated	28
	Aries Agro Limited-Standalone	49
	Golden Harvest Middle East FZC	72
	Aries Agro Care Private Limited	82
	Aries Agro Equipments Private Limited	90
Profit & Loss Account – For the period ended at 31st March, 2008	Aries Agro Limited-Consolidated	29
	Aries Agro Limited-Standalone	50
	Golden Harvest Middle East FZC	73
Schedules	Aries Agro Limited-Consolidated	30-36
	Aries Agro Limited-Standalone	51-57
	Aries Agro Care Private Limited	83
	Aries Agro Equipments Private Limited	91
Cash Flow Statements	Aries Agro Ltd-Consolidated	37
	Aries Agro Ltd-Standalone	58
	Golden Harvest Middle East FZC	71
Notes to Accounts	Aries Agro Limited-Consolidated	38-45
	Aries Agro Limited-Standalone	59-67
	Golden Harvest Middle East FZC	74-79
	Aries Agro Care Private Limited	84-86
	Aries Agro Equipments Private Limited	92-94
Abstracts	Aries Agro Limited	68
	Aries Agro Care Private Limited	87
	Aries Agro Equipments Private Limited	95
Report of Corporate Governance	Aries Agro Limited	10-21
Management Discussion and Analysis Report	Aries Agro Limited	22-26
Statement pursuant to Section 212 of the Companies Act, 1956		69
AGM Attendance Slip/Proxy Form	Aries Agro Limited	97

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Eighth Annual General Meeting of the Members of **ARIES AGRO LIMITED** will be held on Thursday, 28th August, 2008 at 10.00 a.m. at The Acres Club, Hemu Kalani Marg, Chembur, Mumbai - 400 071, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm interim dividend paid on equity shares.
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 Dr. D. S. Jadhav who retires by rotation and being eligible offers himself for re-appointment.
5. 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.

SPECIAL BUSINESS

6. 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 163 and such other provisions as may be applicable, of the Companies Act, 1956 (the Act), consent of the Company be and is hereby granted to appoint **AARTHI CONSULTANTS PRIVATE LIMITED** as the Registrar and Share Transfer Agents in respect of both Physical and Electronic Mode and to keep the Register of Members, Index of Members and copies of all Annual Returns prepared under Section 159 of the said Act together with copies of the Certificates and documents required to be annexed thereto under Section 161 of the said Act, or any one or more of them (the documents) at the office of **AARTHI CONSULTANTS PRIVATE LIMITED**, Registrars & Share Transfer Agents of the Company, situated at 1-2-285, Domalguda,

Hyderabad - 500 029, Andhra Pradesh, India, in addition to the soft copies available of all the above said records at the Registered Office of the Company."

"RESOLVED FURTHER THAT the said documents be kept open for inspection at the place where they are kept by the persons entitled thereto to the extent, in the manner and on payment of fees, if any, specified in the said Act between 10.00 a.m. to 12.00 noon on any working day (other than Saturdays and Sundays) except when the Registers and Books are closed under the provisions of the Companies Act or the Articles of Association of the Company. "

By Order of the Board

Sd/-

Kaiser P. Ansari

Company Secretary

Place : Mumbai

Date : 30th June, 2008

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. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. BLANK PROXY FORM IS ENCLOSED.
3. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of special business is annexed hereto.
4. 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.
5. The Interim Dividend for the Financial Year 2007-08 @ 12% was declared by the Board on 28/05/2008 and the same were paid on 24th June, 2008 to those members whose names appear in the Register of Members as on the Record Date i.e. 14.06.2008. The Board has not recommended any further dividend for the year ended 31st March, 2008.

6. Members desirous of getting any information about the accounts and operations of the Company are requested to forward their queries to the Company in writing 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 Monday, 25th August, 2008 to Thursday, 28th August, 2008 (both days inclusive).
9. 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.
10. Members holding Shares in physical form and desiring to receive Dividend payment through ECS may send their ECS Mandate Form, duly filled in, to the Company's R & T Agents. **(ECS Mandate Form is annexed to the Report)**. Members holding Shares in physical form are also requested to notify any change in their address, bank accounts etc. to the R & T Agents.
11. With a view to prevent fraudulent encashment of dividend warrants, members holding Shares in physical form and desiring not to opt for payment of dividend through ECS are advised to furnish to the R & T Agent the particulars of their bank account with a request to incorporate the same in the dividend warrant.
12. 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.
13. **Members are requested to bring their copy of the Annual Report to the Annual General Meeting.**
14. As required by Clause 49 of the Listing Agreement signed by the Company with the Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE), brief profile of Dr. Rahul Mirchandani and Dr. D. S. Jadhav, Directors retiring by rotation and eligible for re-appointment are given below:

Particulars required	Information
Name of the Director	Dr. Rahul Mirchandani
Date of Appointment	2 nd February, 1994
Expertise in specific functional areas	Marketing activities of the Company.
Qualifications	B.Com., Chartered Financial Analyst (CFA), MBA, PhD.
Chairman/Member of the Committees of the Board of Directors of the Company.	Audit Committee Shareholders Transfer and Grievance Committee
Directorship in other Companies	Sreeni Agro Chemicals Pvt. Ltd. Aries Marketing Ltd. Blossoms International Ltd. Aries Agro Care Pvt. Ltd. Aries Agro Equipments Pvt. Ltd. Aries Agro Produce Pvt. Ltd. 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	Dr. D. S. Jadhav
Date of Appointment	3 rd March, 1995
Expertise in specific functional areas	Independent Director
Qualifications	B.Sc.(Vet) Hons, M.S., PhD.
Chairman/Member of the Committees of the Board of Directors of the Company.	Audit Committee Remuneration Committee
Directorship in other Companies	NIL
Membership of Audit Committee of other public limited companies	NIL
Membership of any other committee of other public limited companies	NIL

15. 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@aarthiconsultants.com

Website : www.aarthiconsultants.com

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

Item No. 6

Securities and Exchange Board of India (SEBI) has made it compulsory for all listed companies to maintain all the work related to Share Registry in terms of both physical and electronic at a Single Point.

Your Board of Directors have therefore appointed Aarthi Consultants Private Limited as the Registrar and Transfer Agent both for Physical Shares and Electronic Connectivity to comply with the SEBI guidelines.

Pursuant to the provisions of Section 163 the Companies Act, 1956 the appointment of Aarthi Consultants Private Limited as the Registrars & Share Transfer Agents of the Company requires to be approved by the Shareholders. With the appointment of Aarthi Consultants Private Limited as Registrar and Share Transfer Agents, the Register of Members and Shares, copies of annual returns, are also kept at their office in addition to the soft

copies available of all the above said records at the Registered Office of the Company. For keeping the said registers at the place other than registered office of the Company i.e. at the office of the Share Transfer Agents and Registrar it is necessary to obtain the approval of the members of the Company in their General Meeting.

Your Board of Directors recommend the resolution as set out under item No. 6 of the Notice for your approval as a Special Resolution.

None of the Directors is in any way concerned or interested in the said resolution.

By Order of the Board

Sd/-

Qaiser P. Ansari
Company Secretary

Place : Mumbai
Date : 30th June, 2008

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their 38th Annual Report on the operations of the Company together with the Audited Statements of Accounts for the Financial Year ended 31st March, 2008. This is the maiden report after the successful Public Issue of the Company.

FINANCIAL RESULTS

(Rs. In Lakhs)

PARTICULARS	AS AT 31.03.2008		AS AT 31.03.2007	
Turnover		10,337.93		7,405.34
Profit Before Tax Interest & Depreciation		1,939.91		1,693.63
Less: Interest	330.84			247.48
Depreciation	68.84	399.68	48.47	295.95
Profit Before Tax		1,540.23		1,397.68
Provision for Taxation	496.50		476.60	
Deferred Tax	(110.18)	386.32	51.66	528.26
Profit After Tax		1,153.91		869.42
Balance Brought Forward		1,645.00		878.90
Prior Period Expense		37.50		16.00
Exceptional Items		0.69		87.32
Amount available for appropriation		2,760.72		1,645.00
General Reserve		150.00		NIL
Proposed Dividend		156.05		NIL
Tax on Proposed Dividend		26.52		NIL
Surplus Carried Forward to Balance Sheet		2,428.15		1,645.00

OPERATIONS

During the period year under review, the Company has earned total income of Rs. 1,939.91 Lakhs. As at March'08, the Gross Fixed Asset is Rs. 3,174.24 Lakhs. The turn over for the year was 10,337.93 Lakhs as against Rs. 7,405.34 Lakhs in the previous year reflecting a growth of 40%. Profit after tax for the year was Rs. 1,153.91 Lakhs registering an increase of 33%.

The Company is a major manufacturer and supplier of micronutrients/ secondary nutrient fertilizers and also water soluble NPK fertilizers.

DIVIDEND AND RESERVES

The Company has paid interim Dividend at Rs. 1.20 per Share (12 %) aggregating to Rs. 1,56,05,206/80 plus dividend distribution tax of Rs. 26,52,105/- as per the resolution passed in the meeting of Board of Directors held on 28th May, 2008. As there is no significant change in profits of the Company for the year ended on 31st March, 2008 after payment of Interim Dividend, it is proposed not to recommend to the members any further dividend for the year ended on 31st March, 2008 and confirm the Interim Dividend as Final Dividend.

FUTURE PROSPECTS:

The monsoon estimates made by Meteorological Department for 2008 are extremely positive with 99% long term average. This would mean a good kharif crop and therefore a positive outlook for the current financial year in terms of revenue. The Company is also introducing range of speciality plant nutrition concepts and will be launching 7 new brands during the current financial year adding to the product range being marketed through the wide distribution network of the Company. The current line of products are expected to grow well during the current season.

The Company has also invested in Golden Harvest Middle East FZC a manufacturing facility for chelated micronutrients and is expected to commence commercial production by July'08. This will provide the Company with a cost advantage and will lead to savings in cost of production.

The Company has inaugurated its largest and most automated manufacturing facility at Hyderabad on 24th March, 2008. The capacity of this Hyderabad factory exceeds the total capacity of all the Company's Units as on 31.03.2007. This will undoubtedly strengthen and enhance our production capabilities and service our largest markets. The entire capacity of this unit will be available during the whole of 2008-09. The other 2 factories in Ahmedabad and Lucknow is expected to commence commercial production as per schedule.

RESEARCH AND DEVELOPMENT:

The Company continues to invest on Research and Development at 3 different levels:

- 1) There is a continuous focus on university research on speciality plant nutrition which continues across India.
- 2) 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.
- 3) The Company's R&D at Bombay is ISO 9001 certified and works on new product development and continuous quality checks. The new manufacturing unit at Hyderabad has been equipped with a state of art laboratory to keep pace with the Company's expansion in that region.

INITIAL PUBLIC OFFERING (IPO)

During the period under review, the Company entered the capital market and offered 45,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 120/- through book building process on 11th January, 2008 for subscription to the public. The Company received overwhelming response from the investors and net issue to Indian public was oversubscribed to the extent of about 7.62 times. Allotments of Shares have been made and the Shares of the Company are now listed and traded at Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Your Directors take this opportunity to thank the investors for their confidence in the Company.

USE OF IPO PROCEEDS

The commitments made on the utilization of the IPO funds have been adhered to during the period following the IPO. Till the close of June, 2008, the Company has utilized the IPO funds for the purposes for which it was raised, namely, in setting up a manufacturing facility at Pashamylaram, Patancheru, Dist. Medak, Andhra Pradesh, is the largest and state-of-the-art Unit of the Company for secondary and micronutrients involving a total out lay of Rs. 245 lakhs (excluding land and buildings), in repaying the funds borrowed for the general corporate purpose. The Company has also invested in setting up Manufacturing facility to Manufacture chelated Micronutrients at the Sharjah Airport International Free Zone (SAIF Zone) to the tune of Rs. 654.60 Lakhs.

The Company has expended monies for the projects for which funds were raised through the IPO and it is expected to implement/commission all the projects within the committed time frame.

DEPOSITS

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

SUBSIDIARIES

The Company has only two wholly owned subsidiaries, Aries Agro Care Private Limited and Aries Agro

Equipments Private Limited having NIL aggregate assets as at 31st March, 2008 and gross income of Rs. NIL and Rs. NIL respectively, since the activity is yet to commence.

In the Current year Company has subscribed for 75% stake in Golden Harvest Middle East, a Company incorporated in UAE.

As required under Section 212 of The Companies Act, 1956, annexed hereto are the Audited Statement of accounts, the Reports of the Board of Directors and Auditors' Reports for the year ended 31st March, 2008 of Aries Agro Care Private Limited, Aries Agro Equipments Private Limited and Golden Harvest Middle East FZC.

Golden Harvest Middle East FZC is setting up a project for manufacture of speciality secondary plant nutrients in Fujairah Free Trade Zone, U.A.E. Accordingly, for expansion /operations, your Company has obtained term loan from ICICI Bank Ltd., to fund investment in subsidiary.

The Company has just floated another subsidiary which has been incorporated on 20.06.2008 in the name and style of Aries Agro Produce Private Limited wherein the Company has subscribed to the extent of 75% of its Equity. The purpose of incorporating the said Company is mainly for corporate farming.

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 is given in Note No. 9 A of the Notes to Accounts forming part of the Annual Report.

DIRECTORS

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

AUDITORS' REMARKS

As regards compliance with the Accounting Standard 15 in respect of Retirement benefits, the Company has already opted for the gratuity fund administered by Life Insurance Corporation of India, Mumbai for the employees of the Company. The Company will provide for Gratuity liability for earlier period as and when paid, since the Company has been granted time upto 30.11.2010.