

47th

ANNUAL
REPORT
2016-17





Prof. R. S. S. Mani
Independent Director

Dr. Jimmy Mirchandani
Director

Dr. Rahul Mirchandani
Chairman & Managing Director

Mr. B. V. Dholakia
Independent Director

Mr. C. B. Chhaya
Independent Director

Mrs. Nitya Mirchandani
Director

Board Of Directors & Achievement



First Agro based company in the country wins
Limca Book of Records



Skoch Gold Award as
Top 100 SME's in India



Skoch order of merit



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REPORT**
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All India Directors' Circle Customers attended Aries 2020 Campaign Launch at Bombay Stock Exchange, Mumbai



All India Directors Circle Dealers at Hotel IBIS, Delhi

aries
International Engagement



MBA students from Georgetown University's McDonough School of Business, USA at Aries House for CSR Impact Assessment, HQ Mumbai



Meeting with Nepal Distributor and Training for Nepal Sales Staff

aries
Other Major Events

Students of staff and workers received the Founders Award for academic excellence



Aries participated in the 5th Edition of The Annual Northeast Young Leaders Connect Conclave organized in Arunachal Pradesh by Youth Net and Govt. of Arunachal Pradesh



Sales Meeting with AP Region Team at Tirupati



Mr. Sanjay Pathak, Honorable Minister of MSME, Govt. of Madhya Pradesh meets Executive Director, Dr. Rahul Mirchandani to discuss investment opportunities meeting held at Hotel Taj



Launch of Aries Brand New Website with the AP & Telangana Team on 21st Nov 2016

**47th Annual Report
2016 - 2017****BOARD OF DIRECTORS**

Dr. Rahul Mirchandani
Chairman & Managing Director
(Appointed w.e.f. 04.04.2017)

Dr. Jimmy Mirchandani
Director
(Resigned as CMD w.e.f. 03.04.2017)

Prof. R. S. S. Mani
Mr. C. B. Chhaya
Mr. B. V. Dholakia
Mrs. Nitya Mirchandani

AUDIT COMMITTEE

Mr. B. V. Dholakia Chairman
Prof. R. S. S. Mani
Mrs. Nitya Mirchandani (w.e.f. 04.04.2017)

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

Mr. C. B. Chhaya-Chairman
Prof. R. S. S. Mani
Mr. B. V. Dholakia

TREASURY COMMITTEE

Dr. Rahul Mirchandani, Chairman
(w.e.f. 04.04.2017)

Mr. C. B. Chhaya
Mrs. Nitya Mirchandani

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Dr. Rahul Mirchandani, Chairman
(w.e.f. 04.04.2017)
Dr. Jimmy Mirchandani
Mr. B. V. Dholakia

CHIEF FINANCIAL OFFICER

Mr. S. Ramamurthy

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Qaiser P. Ansari

STATUTORY AUDITOR

Kirti D. Shah and Associates

INTERNAL AUDITOR

Kirit Manek & Co.

COST AUDITOR

R. Nanabhoy & Co.

SECRETARIAL AUDITOR

Mr. A. Sekar

BANKERS

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

BRANCHES/STOCK LOCATIONS

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

MANUFACTURING LOCATIONS

Mumbai
Hyderabad
Chhatral
Lucknow
Fujairah, UAE(Subsidiary Company)

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Financial Highlights - Standalone

(Rupees in Lakhs unless stated otherwise)					
Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Revenue from Operations (Net of Discounts / Rebates)	22,964.73	21,283.46	21,366.31	21,878.34	17,565.46
Total Income	23,117.35	21,426.05	21,518.59	22,104.57	17,888.64
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	4,139.06	3,287.68	3,820.50	4,264.70	3,428.95
EBITDA %	18.02	15.45	17.88	19.49	19.52
Profit Before Depreciation and Tax	2,019.66	1,216.02	1,690.85	1,987.93	1,588.21
Profit Before Depreciation and Tax %	8.79	5.71	7.91	9.09	9.04
Profit Before Tax (PBT)	1,834.36	1,040.39	1,509.13	1,840.97	1,403.44
PBT %	7.99	4.89	7.06	8.41	7.99
Profit for the Year (PAT)	1,184.35	639.68	1,181.28	1,153.03	934.13
PAT %	5.16	3.01	5.53	5.27	5.32
Equity Dividend %	20.00	15.00	20.00	20.00	15.00
Dividend Payout	0.22	0.30	0.22	0.23	0.21
Equity Share Capital	1,300.43	1,300.43	1,300.43	1,300.43	1,300.43
Other Equity (less Revaluation Reserve)	12,209.78	11,267.81	10,970.30	12,029.36	11,180.62
Net Worth	13,510.21	12,568.24	12,270.73	13,329.79	12,481.05
Gross Fixed Assets	5,436.16	5,414.16	4,902.41	4,779.06	4,875.42
Net Fixed Assets	2,480.03	2,577.40	2,109.58	3,489.32	3,694.48
Total Assets	31,824.53	29,904.20	28,892.42	32,266.38	33,431.47
Market Capitalisation	20,117.71	11,716.91	13,745.59	7,425.48	5,858.45
Number of Employees	822	748	753	785	748

Key Indicators - Standalone

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Earnings Per Share - Rs. (Excluding Exceptional Items)	9.11	4.92	9.08	8.87	7.18
Turnover Per Share - Rs.	176.59	163.66	164.30	168.24	135.07
Book Value Per Share - Rs.	103.89	96.65	94.36	102.50	95.98
Debt : Equity Ratio*	0.83	0.90	0.87	0.99	1.19
EBITDA / Gross Turnover %	14.93	14.01	15.98	17.95	18.07
Net Profit Margin %	5.16	3.01	5.53	5.27	5.32
RONW % *	8.77	5.09	9.63	8.65	7.48
ROCE %	15.78	12.80	15.60	15.18	11.61
Inventory Turnover (in days)	183	171	170	166	213
Debtors Turnover (in days)	127	139	140	159	171
Current Ratio	1.57	1.55	1.61	1.64	1.87
Price Earning Ratio	16.99	18.32	11.64	6.44	6.27
Market Vale per Share	154.70	90.10	105.70	57.10	45.05

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Members,

It is with great pleasure that I present to you the 47th Annual Report of your Company, Aries Agro Limited.

During the year under review 2016-17, the monsoons recorded All India average of 97% of the LPA (Long Period Average). The Kharif rainfall was as per expectation. However, the winter rains especially in South India were extremely deficient. The second half was also affected by demonetization which restricted sales and collections for almost three months before conditions improved towards the end of the fourth quarter. Stress on the rural economy post demonetization required the Company to provide extra schemes to ensure continued funds inflow during the second half of the year.

Financial Year 2016-17 registered a good Kharif with 25.70 % growth in H1 and a subdued Rabi with growth of 11.37 % in revenue. Strong cost control measures were put in place and hence profitability (PAT) increased by 85.15 % compared to the previous year.

The credit for increase in revenue is also attributed to the success of the Company's first ever flash sale conducted on 20th April 2016 which resulted in an order book being created in the beginning of the Financial Year. 75.83% of the order book was converted during the Financial year. Orders received during the Flash Sale boosted better working capital management.

The Company introduced five new products namely Mobomin, Crackguard, Boon-o-Milk, Tracemin and K-phonic

The total capacity utilization currently stands at 58% of the total installed capacity of 84,600 MT p.a. in India. During the year we took a decision to close the operations in one of our international manufacturing facilities at UAE namely Golden Harvest Middle East FZC and sell the machinery which was eight years old and purchase identical set of new machinery in India for installation at Hyderabad and Chhatral manufacturing units. This was required in the context of changed import duty structures which has made manufacturing in India most viable and cheaper.

International clients are located in Bangladesh, Ghana, Kenya, Nepal, Vietnam and Taiwan. Distributors in Nepal and Vietnam have invested in branding and promotion of our range of products in their respective countries. Exports constituted 12.50 % of our group revenue during the Financial Year 2016-17

Aries was selected for being amongst the top 100 SMEs in India and was conferred the Skoch Order of Merit – 2017

We were also awarded the National Record by Limca Book of Records for the largest Flash Sale of specialty plant nutrition products conducted during April 2016 at Bombay Stock Exchange, International Convention Center, Mumbai.

Aries was awarded the highest independent honour in India, the Skoch Gold Award 2017 for our consistent work serving Indian farmers.

For Twelve consecutive years Aries Quality Management System was audited and certified as NS-EN ISO 9001:2008 with zero non-compliance report showing complete adherence to international quality standards.

Aries continues its tradition of carrying out a range of activities that spread knowledge and adoption of farming best practices in the markets that Aries functions in.

The company undertook activities focused specifically on supporting school aged girls across India and supported education various rural schools. We also supplied Braille Kits and Hearing Aid Machines for the differently abled.

The Company's Call Centre based in Vijayawada continued to provide answers to farmers' queries. During the year under review over 5000 number of farmers called the call center at Vijayawada with queries on integrated nutrient management, pest management, soil health and post harvest management. During the year under review almost 6,000 knowledge dissemination activities including farmers meeting were undertaken impacting over 70,000 number of farmers. These sessions were conducted by team of 71 extension officials spread across 20 states.

Aries organized various state level farmer conferences in 20 States. The unique feature of these events have been that they had participation on a common intellectual platform from top government officials, opinion leaders, academia, research scholars, scientists, agribusiness students and farmers from across the states.

The Company also organized soil testing camps in 3 major consuming states using Mobile Soil Testing Kits.

2017 monsoons are expected to be 98% of normal and the Company is hopeful that it will achieve good growth in revenues and profitability. A series of dealers meetings and booking bazaars were conducted during April 2017 and orders with payment instruments totaling to Rs. 305.88 Crores are in hand with bookings made by 1250 number of dealers. Other major focus areas for the year ahead include Increase penetration in Acquaculture, a non monsoon dependant sector, increase in exports in Asian Region after receiving Export License and launch of slow release granules for some existing soil applied products

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.

Sincerely,

Dr. Rahul Mirchandani
Chairman & Managing Director

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Seventh Annual General Meeting of the Members of **ARIES AGRO LIMITED** will be held on Thursday, the 28th September, 2017 at 10.00 a.m. at The Chembur Gymkhana, 16th Road, Chembur, Mumbai-400 071, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider, approve and adopt:
 - a. the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2017, together with the Reports of the Board of Directors and the Auditors thereon.
 - b. the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2017, together with the Report of the Auditors thereon.
2. To declare Dividend for the Financial Year ended 31st March, 2017.
3. To appoint a Director in place of Dr. Jimmy Mirchandani (DIN 00239021) who retires by rotation and being eligible offers himself for re-appointment.
4. **Appointment of Statutory Auditors of the Company.**

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

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/S Sandeep Sheth & Associates, Chartered Accountants, (Membership No. 101903, and having Peer Review Certificate issued by the Institute of Chartered Accountants of India), be and is hereby appointed as Auditors of the Company in place of retiring Auditors M/s. Kirti D. Shah & Associates, Chartered Accountants, Mumbai, (Membership No. 32371), to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Fifty Second Annual General Meeting of the Company to be held in the year 2022 subject to ratification of their appointment at every Annual General Meeting if so required under the Act and at such Remuneration plus Service Tax, Out-of-Pocket, Travelling Expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS

5. **Appointment of Dr. Rahul Mirchandani as the Managing Director 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 Sections 196, 197 and other applicable provisions read with Schedule V to the Companies Act, 2013, (“Act”), as amended or re-enacted from time to time, and subject to such approvals, if any, as may be necessary, the Company hereby approves the appointment and terms of remuneration of Dr. Rahul Mirchandani (DIN 00239057) as the Managing Director of the Company for a period of 5(Five) years commencing from 4th April, 2017 upto and inclusive of 31st March, 2022 upon the terms and conditions including remuneration for a period of 3(Three)

Years commencing from 4th April, 2017 upto and inclusive of 31st March, 2020, as broadly specified below and more specifically set out in the Agreement dated 23rd May, 2017 signed between the said Dr. Rahul Mirchandani and the Company submitted to this meeting and initiated by the Chairman of the Nomination and Remuneration Committee for purpose of identification which Agreement be and is hereby specifically sanctioned, the Explanatory Statement annexed to the Notice convening this Annual General Meeting (including the remuneration to be paid in the event of Loss or In-adequacy of Profit in any Financial Year during the tenure of his appointment) with authority to the Board of Directors (which includes Nomination and Remuneration Committee) to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Dr. Rahul Mirchandani.”

“OVERALL REMUNERATION

Subject to the provisions of Section 196, 197, Schedule V and other provisions of the Companies Act, 2013, the remuneration payable to Dr. Rahul Mirchandani, in any financial year shall not exceed 5%(Five percent) of the net profits of the Company.

MINIMUM REMUNERATION

Where in any financial year during the currency of the tenure of Dr. Rahul Mirchandani, the Company has no profits or its profits are inadequate, the remuneration payable to Dr. Rahul Mirchandani, will be as stated below except the Commission as follows :-

SALARY, PERQUISITES AND ALLOWANCES

Not Exceeding Rs. 13,50,000/- pm inclusive of all perquisites and allowances (as stated below) except those specifically excluded as per Schedule V of the Act.

COMMISSION:

As decided by the Board of Directors at the time of adoption of accounts, but not exceeding the ceiling in respect of overall remuneration as prescribed under Section 197 of the Companies Act, 2013.

Other Terms and Conditions:

PERQUISITES :

- A. Rent Free furnished accommodation or House Rent Allowance not exceeding Rs. 1,08,000/- per month along with benefits of gas, fuel, water, electricity and telephone/fax as also upkeep and maintenance of the residential accommodation the value of such accommodation and its upkeep and maintenance being evaluated in accordance with the provisions of the Income Tax Rules. Personal long distance calls will be billed to Dr. Rahul Mirchandani.
- B. Conveyance : Company car with chauffeur or alternatively Company to maintain Dr. Rahul Mirchandani’s personal car and provide him with a chauffeur; monetary value for private use to be evaluated in accordance with the Income Tax Rules.
- C. Medical Benefits : Reimbursement of medical expenses for himself and his family actually incurred during the continuance of his employment as per Rules of the Company upto a limit of one months salary in a year or three months salary over a period of three years.

- D. Communication Allowance/Expenses: Dr. Rahul Mirchandani will be entitled for communication allowance/reimbursement as per rules of the Company.
- E. Leave : 30 working days leave (traveling time included) once in every year of service, with encashment of unavailed leave at the end of the tenure.
- F. Leave Travel Assistance : Leave travel concession for self and family, once every year or as per Rules of the Company upto a limit of one months salary in a year.
- G. Other Perquisites e.g. Personal Accident Insurance for himself and for his family and Club Fees(Subject to a maximum of two clubs. No admission or life membership fee will be paid) and any others, upto a maximum of Rs. 60,750/- p.m.
- H. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; gratuity payable at a rate not exceeding half a month salary for each completed year of service and encashment of unavailed leave at the end of tenure shall not be included in the computation of the ceiling on remuneration in terms of Schedule V of the Companies Act, 2013.

SITTING FEES

Dr. Rahul Mirchandani will not be entitled to Sitting Fees for meetings of the Board / Committee of the Board attended by him.”

COMPENSATION

If any time the office of the Managing Director is determined before the expiry of his terms of office, the Managing Director shall be entitled to compensation for loss of office in accordance with and subject to the restrictions laid down in Section 191 and 202 of the Companies Act 2013 and rules framed thereunder.”

6. Ratification of the Remuneration of the Cost Auditor in terms of Section 148 of the Companies Act, 2013 read with Companies(Audit and Auditors) Rules, 2014

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 2,40,000/-(Rupees Two Forty Thousands Only) plus Service Tax and reimbursement of Out of Pocket Expenses at actual as approved by the Board of Directors of the Company payable to M/s. R. Nanabhoy & Co., Cost Accountants, having firm's registration No. 000010for conducting the Cost Audit of the records maintained by the Company for the financial year ending 31st March, 2018, be and is hereby ratified.”

By Order of the Board

**Kaiser P. Ansari
Company Secretary
Membership No. ACS-8979**

Place: Mumbai
Date: 9th August, 2017

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL 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.

Pursuant to the provision of Section 105 of the Companies Act, 2013 a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

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 before three days of the date of the meeting.
4. 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.
5. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business is annexed hereto. .
6. 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.
7. 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.
8. 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.
9. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, 16th September, 2017 to Thursday, 28th September, 2017 (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