

## REPORT ON CORPORATE GOVERNANCE

### Corporate Governance Philosophy

The Company is fully committed to the principles of good Corporate Governance. In keeping with this commitment your Company has been observing the highest level of ethics in all its dealings. It ensures efficient conduct of affairs of the Company to achieve its goal of maximizing value for all its stakeholders. In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details are set out below:-

### 1. BOARD OF DIRECTORS

#### (A) Board Composition

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

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

#### (B) Attendance and Other Directorships

Attendance of Directors at Board Meetings, last Annual General Meeting and number of other Directorships and Chairmanships/ Memberships of Committees of each Director in various Companies as on 31<sup>st</sup> March, 2011 is as follows:-

Name of the Director & Designation and category	Attendance of Meetings during 2010-11		Directorship in other Public Companies incorporated in India	No. of Membership(s)/ Chairmanship(s) of Board Committees in other Companies	Inter Se Relationship
	Board Meetings	Last AGM held on 17 <sup>th</sup> September, 2010			
Dr. Jimmy Mirchandani Chairman & Managing Director (Promoter)(CMD)	4 (4)	Yes	1	NIL	Brother of ED and father of NED
Dr. Rahul Mirchandani Executive Director (Promoter)(ED)	4 (4)	Yes	2	NIL	Brother of CMD
Dr. D. S. Jadhav Director Non Executive (Independent)	4(4)	Yes	NIL	NIL	N.A.
Prof. R. S. S. Mani Director Non Executive (Independent)	4(4)	Yes	NIL	NIL	N.A.
Mr. Akshay Mirchandani Director Non-Executive (Promoter)(NED)	1(4)	Yes	NIL	NIL	Son of CMD
Mr. Chakradhar Bharat Chhaya Director Non Executive (Independent)	4(4)	Yes	3	6 (including 3 as Chairman)	N.A.

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

**(C) Board Meetings**

The Agenda 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 21.04.2010, 21.07.2010, 22.10.2010 and 28.01.2011.

**(D) Code of Conduct**

The Company has adopted a Code of Conduct for the members of the Board and the Senior Executives in compliance with the provision of Clause 49 of the Listing Agreement. All the members of the Board and the Management Committee have affirmed compliance to the Code of Conduct as on 31-03-2011, 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.
- e. Reviewing with the Management, Statutory and Internal Auditors the adequacy of the Internal Control Systems
- f. 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.
- g. Discussion with Internal Auditors any significant findings and follow up thereon.
- h. 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.
- i. 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.
- j. Reviewing the Company's Financial and Risk Management Policies;
- k. 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.
- l. To approve appointment of Chief Financial Officer before finalization of the same by the Management

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

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

(ii) **Composition, Name of Members and Chairperson**

The Audit Committee comprises of the following Directors:

Prof. R. S. S. Mani	: Chairman (Independent Director)
Dr. D. S. Jadhav	: Member (Independent Director)
Dr. Rahul Mirchandani	: Member (Non-Independent Director)

The Chairman of the Audit Committee remains present at the Annual General Meeting. The previous Annual General Meeting of the Company was held on 17<sup>th</sup> September, 2010 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 21.04.2010, 21.07.2010, 22.10.2010 and 28.01.2011.

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

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

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

**3. REMUNERATION COMMITTEE**

(i) **Brief description of Terms of Reference**

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

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

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

(iv) **Remuneration Policy**

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

(v) **Details of Remuneration paid to the Directors for the year ended 31<sup>st</sup> March 2011.**

i) **Managing Director and Executive Director.**

The Agreements with the Chairman & Managing Director and Executive Director are for a period of three Years commencing from 01.10.2009.

The total remuneration paid to the Managing Director and Executive Director during the year 2010-11 was as under:

(Rupees Lacs)

Name	Salary	Commission	Contribution to Provident Fund/Gratuity	Total
Dr. Jimmy Mirchandani Chairman & Managing Director.	4,680,000	3,000,000	345,600	<b>8,025,600</b>
Dr. Rahul Mirchandani Executive Director	4,560,004	3,000,000	417,600	<b>7,977,604</b>

Notes:

- The Agreements with the Managing Director, and Executive Director are for a period of three years upto 30<sup>th</sup> September, 2012. Either party to the Agreement is entitled to terminate by giving the other party a notice of 3 months.
- The Managing Director and Executive Director are entitled to compensation for loss of office in accordance with and subject to restrictions laid down under section 318 of the Companies Act 1956.
- Presently, the Company does not have a scheme for grant of Stock Options to its Working Directors
- The Managing Director and Executive Director are entitled to Commission within the overall limit prescribed under sections 198 & 309 of the Companies Act, 1956.

- 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 2010-11, the Company has paid total Sitting Fee of ₹ 3,25,000/- to Non Executive Directors as under:

Dr. D. S. Jadhav	₹ 90,000.00
Prof. R. S. S. Mani	₹ 95,000.00
Mr. Akshay Mirchandani	₹ 10,000.00
Mr. C. B. Chhaya	₹ 130,000.00

#### 4. SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE

(i) **Composition of the Committee**

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

The Committee consists of the following members:

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

(ii) **Name & Designation of Compliance Officer:**

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

(iii) to (v) **A statement of various Complaints received and cleared by the Company during the year ended on 31<sup>st</sup> March, 2011 is given below:**

Nature of Complaint	No. of Complaints	Redressed	Pending
1. Non- receipt of Refund Orders	9	8	1
<b>TOTAL</b>	<b>9</b>	<b>8</b>	<b>1</b>

One complaint was pending as on 31-03-2011 due to the reason that the Company was awaiting for confirmation from the Investor of his mailing address. Subsequently on receipt of the confirmation of the mailing address the Demand Draft was dispatched on 27<sup>th</sup> April, 2011 and the complaint was resolved.

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

The Web Site address of the Company is [www.ariesagro.com](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 look into financial needs 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, 2008	28-08-2008	10.00 a.m.	The Acres Club, Hemu Kalani Marg, Chembur, Mumbai-400 071	Keeping of the Register of Members, Index of Members and Copies of all Annual Returns prepared under Section 159 together with Copies of the Certificates and Documents required to be annexed thereto under Section 161 of the Companies Act, 1956 or any one or more of them(the documents) at a place other than the Registered Office of the Company.

Financial Year ended	Date	Time	Venue	Details of Special Resolutions
31 <sup>st</sup> March, 2009	29-09-2009	10.00 a.m.	The Acres Club, Hemu Kalani Marg, 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. 01.10.2009.  Amendment in the terms of the deployment of the IPO Funds referred to in the Prospectus dated 26 <sup>th</sup> December, 2007.
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.

(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 elsewhere in 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 Schedule 20, Note No. 9 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:
- (a) **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.
- (b) **Tenure of Independent Directors:** No specific tenure has been specified for the Independent Directors.
- (c) **Remuneration Committee:** The Company has set up a Remuneration Committee consisting of three Non Executive Independent Directors.
- (d) **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	361,875
Mr. C. B. Chhaya	NIL

## 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. 9-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 41<sup>st</sup> Annual General Meeting of the Shareholders will be held on Thursday, 29<sup>th</sup> September, 2011 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, 2012 the Financial Results will be announced on:

First Quarter : On or before 14<sup>th</sup> August, 2011

Half year : On or before 14<sup>th</sup> November, 2011

Third Quarter : On or before 14<sup>th</sup> February, 2012

Yearly : On or before 30<sup>th</sup> May, 2012

### (iii) Date of Book Closure: - Saturday, 24<sup>th</sup> September, 2011 to Thursday, 29<sup>th</sup> September, 2011 (both days inclusive)

### (iv) Dividend Payment Date: Interim dividend has already been paid in the month of February, 2011. Final dividend will be paid on 24<sup>th</sup> October, 2011.

### (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 2011-2012 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, 2011

Month	Highest		Lowest	
	Rate (₹)	Date	Rate (₹)	Date
April, 2010	147.50	06.04.2010	114.00	28.04.2010
May, 2010	130.30	04.05.2010	104.00	21.05.2010
June, 2010	124.40	14.06.2010	109.00	07.06.2010
July, 2010	156.60	15.07.2010	113.60	01.07.2010
August, 2010	187.80	17.08.2010	128.85	03.08.2010
September, 2010	203.70	03.09.2010	156.00	01.09.2010
October, 2010	192.80	01.10.2010	158.00	29.10.2010
November, 2010	170.00	03.11.2010	124.00	26.11.2010
December, 2010	159.00	06.12.2010	110.60	09.12.2010
January, 2011	138.85	04.01.2011	105.00	31.01.2011
February, 2011	119.35	01.02.2011	95.25	09.02.2011
March, 2011	133.85	31.03.2011	108.25	01.03.2011

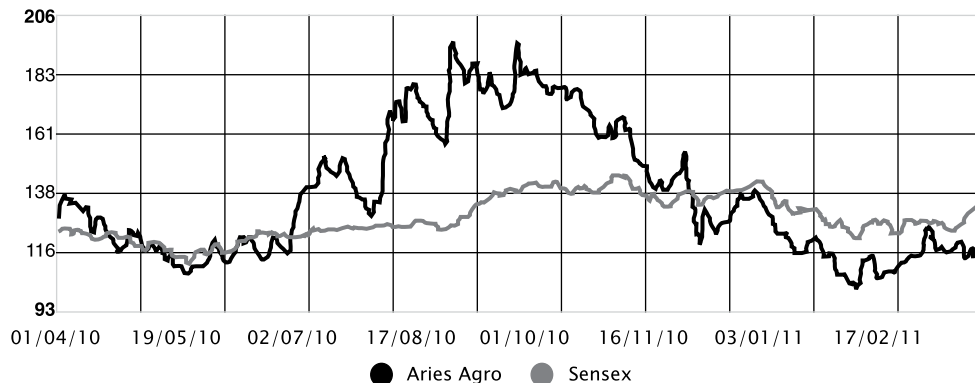
Monthly Share Price Data of the Company's shares on NSE for the year ended 31<sup>st</sup> March, 2011

Month	Highest		Lowest	
	Rate (₹)	Date	Rate (₹)	Date
April, 2010	143.95	06.04.2010	113.60	28.04.2010
May, 2010	129.75	04.05.2010	100.10	28.05.2010
June, 2010	124.50	16.06.2010	107.25	09.06.2010
July, 2010	158.40	16.07.2010	114.10	01.07.2010
August, 2010	187.50	17.08.2010	129.20	03.08.2010
September, 2010	204.00	03.09.2010	152.40	01.09.2010
October, 2010	192.90	01.10.2010	159.00	29.10.2010
November, 2010	170.00	04.11.2010	120.00	26.11.2010
December, 2010	159.45	06.12.2010	112.00	09.12.2010
January, 2011	138.50	04.01.2011	101.60	31.01.2011
February, 2011	119.00	16.02.2011	96.75	09.02.2011
March, 2011	133.90	31.03.2011	107.20	07.03.2011

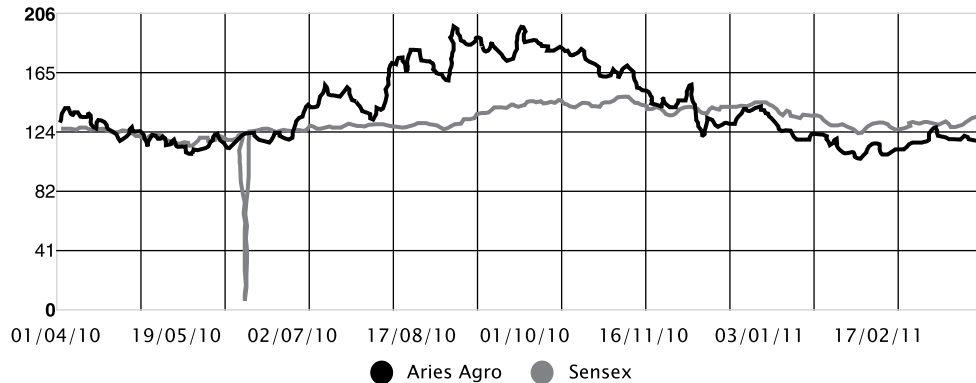
(ix) **Performance in comparison to BSE & NSE Sensex**

**BSE**

**Historic Graph**



Historic Graph 01-04-2010 to 31-03-2011

**NSE**
**Historic Graph**


Historic Graph 01-04-2010 to 31-03-2011

**(x) Name and Address of the Registrar and Share Transfer Agents**
**AARTHI CONSULTANTS PVT LTD**
**Regd. Office**

1-2-285 Domalguda, Hyderabad – 500029

Tel: 040 27638111 / 27634445 / 27642217 / 66611921 Fax: 040 27632184

 Email: [info@aarthiconsultants.com](mailto:info@aarthiconsultants.com)
**(xi) Share Transfer System**

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

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

**(xii) (1) Distribution of Share Holding as on 31<sup>st</sup> March 2011**

Shareholding of Nominal Value		Shareholders			Share Amount	
From	To	Number	No of Shares	% of Total	Rupees	% of Total
1	5000	7,948	916,896	85.43	9,168,960	7.05
5001	10000	779	569,461	8.37	5,694,610	4.38
10001	20000	288	420,136	3.10	4,201,360	3.23
20001	30000	90	226,016	0.97	2,260,160	1.74
30001	40000	45	156,610	0.49	1,566,100	1.20
40001	50000	44	203,795	0.47	2,037,950	1.57
50001	100000	55	424,599	0.59	4,245,990	3.26
100001	And above	54	10,086,826	0.58	100,868,260	77.57
<b>TOTAL</b>		<b>9,303</b>	<b>13,004,339</b>	<b>100.00</b>	<b>130,043,390</b>	<b>100.00</b>

**(2) Distribution of shareholding according to categories of shareholders as on 31<sup>st</sup> March, 2011**

Categories	No. of Shares	Amt. in ₹	% to Total
Promoters	6,857,926	68,579,260	52.74
Directors (Independent)	1,050	10,500	0.01
Financial Institutions/ Banks	--	--	--
Mutual Funds / UTI	1,117,707	11,177,070	8.60
NRIs / OCBs/FIIs	464,960	4,649,600	3.57
Other Bodies Corporate	1,222,540	12,225,400	9.40
Public	3,340,156	33,401,560	25.68
<b>Total</b>	<b>13,004,339</b>	<b>130,043,390</b>	<b>100.00</b>



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

Sr. No.	Name of the Companies	Shareholding as on 31.03.2011
1.	Sreeni Agro Chemicals Pvt. Ltd.	NIL
2.	Aries Marketing Ltd.	NIL
3.	Blossoms International Ltd.	NIL
4.	Aries East-West Nutrients Pvt. Ltd.	NIL

#### Subsidiary Companies

A list of Subsidiary Companies is given in Note No. 9-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, 2011

Name of Depository	No. of Shareholders	No. of Shares	% of Capital
NSDL	6,276	11,613,352	89.30
CDSL	2,725	1,035,022	7.96
<b>Sub-Total</b>	<b>9,001</b>	<b>12,648,374</b>	<b>97.26</b>
Physical Mode	302	355,965	2.74
<b>Grand Total</b>	<b>9,303</b>	<b>13,004,339</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	• ARIES House, Plot No. 24, Deonar, Govandi(E), Mumbai-400 043, Maharashtra
Kolkata	• ALW Estate Private Limited, Holding No. F-189, Ward 28, South Station Road, Salpata Bagan, Agarpara, Kolkata, 700 109, West Bengal
Hyderabad	• 244-246, 250-252, IDA Phase-II, Pashamylaram, Patancheru Mandal, Medak Dist., Andhra Pradesh
Bangalore	• 8-B, Attibele Industrial Area, Hosur Main Road, Attibele, Bangalore - 562 107, Karnataka
Sanand, Ahmedabad	• Shri Hari Oil Mill Compound, Near Muni Kripa Rice Mills, Opp. B/D Eye Hospital, Viramgam Road, Sanand, Distt. Ahmedabad-382 110, Gujarat
Lucknow	• Plot No. 836, Banthara, Lucknow-Kanpur Highway, Sikandarpur, Tehsil & Distt. Lucknow, U. P., 227 101
Sharjah, UAE	• Golden Harvest Middle East FZC(a Subsidiary of Aries Agro Limited) Plot P3-04, Post Box No. 9267, Sharjah Airport International Free Zone (SAIF) Sharjah, UAE
Fujairah, UAE	• Amarak Chemicals FZC( a Subsidiary of Golden Harvest Middle East FZC thereby a Step Down Subsidiary of Aries Agro Limited) Al Hayl Industrial Area P. O. Box 5283 Fujairah Free Zone(FFZ) Fujairah, UAE

(xvi) Address for Correspondence:

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

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

ii) For grievance redress and any query

Mr. Qaiser 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)

**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, 2011, 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 of 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: 10th August, 2011

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**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.

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

Date: 10th August, 2011

## 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, 2011 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  
10<sup>th</sup> August, 2011.

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY

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

### MORE ENVIRONMENTALLY SENSITIVE PRODUCTS

Expanding our product range of environmentally sensitive products, Aries has introduced for the first time in India, a range of 4 bio-degradable chelates which ensure residue free crops within 15 days from application. This is a technology that the Company has pioneered in India and has been extremely well received by farmers in the horticultural sector. The Company has also introduced 5 products which are natural amino acid based chelates, which use soya protein as a natural chelating agent. This zero chemical product provides cost effective plant nutrition to farmers and has also been well received. The addition of these products to our portfolio of plant nutrient solutions demonstrates our firm commitment to providing safe and inert nutrition sources for agriculture which are not harmful in any way and leave no residues on application.

### SPREADING KNOWLEDGE:

Aries continues to strongly support activities of the Confederation of Indian Industry's Young Indian Farmer network. We currently have expanded the activities of this network to all states where Aries operates and have also recently added young farmers from far flung states like Kerala and Manipur into this knowledge sharing platform. Over 142 knowledge dissemination activities were undertaken during the year under review which impacted 20,544 farmers and 1185 rural children from agricultural communities. The events exposed farmers to best practices in crop nutrition using study tours and workshops and also connected them with Agricultural Universities and Research Stations. The Company is also engaged in best practices sharing with students from 10 Rural Schools in order to prepare future farmers who will adopt the most effective crop management techniques.

Specifically, the programs included:

- **Uniconnect** – a structured lab to land programme that connects university faculty, researchers and students with young farmers.

- **Suryodaya** – farmers training in local areas
- **Bal Krishak Sambodhan sessions in rural schools** – Guest lectures by experts to expose higher secondary school students to the latest agricultural methods making them 'future ready'.

### PHILANTHROPY

During the year under review the Company supported initiatives including Dignity Foundation, Mumbai, which offers community services, life enrichment, knowledge sharing, shelter and advocacy for elderly persons and Srishti Foundation, Andhra Pradesh, which feeds nutritious meals to thousands of elderly persons and children in the Kakinada District of Andhra Pradesh.

### SOIL TESTING SERVICES

The Company has organized during the year soil testing camps in 18 states using Mobile Soil Testing Kits which analyse 7 parameters including pH, EC, NPK levels in soil, micro nutrient levels including Zinc, Ferrous, Boron, Organic Carbon, etc. 1325 numbers of Soil samples were analysed during the year and Soil Health Cards were issued to farmers providing an additional service in order that they understand the specific nutrient needs of their farms.

### INFLUENCER RELATIONS

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

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