



Advanta India Limited

"Krishnama House", No. 8-2-418, 4th Floor, Road No.7, Banjara Hills,
Hyderabad – 500 034, Andhra Pradesh, India.

Addendum to Notice dated 26th April 2013 convening 19th Annual General Meeting of the Company scheduled to be held on Wednesday, 5th June, 2013 at 11.30 AM at Hotel Fortune Park Vallabha, Road No. 12, Banjara Hills, Hyderabad – 500 034.

Notice is further given that the following items of Business shall be appended to the aforesaid notice as Item No. 6 and Item No. 7 under Special Business along with corresponding Explanatory Statement thereto:

Item No. 6: Sub- Division of Shares

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 94 and all other applicable provisions, if any, of the Companies Act, 1956, (including any amendments thereto or re-enactment thereof) and subject to such approvals, consents, permissions and sanctions, if any, as may be required from any authority and pursuant to Article No. 60 (d) of the Articles of Association of the Company, the consent of the members of the company be and is hereby accorded for sub-dividing the equity shares of the Company, including the paid-up shares, such that each existing equity share of the Company of the face value of ₹ 10/- (Rupees Ten) each be sub-divided into Five equity shares of the face value of ₹ 2/- (Rupees Two) each.

RESOLVED FURTHER THAT pursuant to the sub-division of the equity shares of the Company, the Authorized, issued, subscribed and paid up equity shares of face value of ₹ 10 /- (Rupees Ten) each, shall stand sub-divided into equity shares of ₹ 2/- (Rupees Two) each, fully paid-up.

RESOLVED FURTHER THAT the Managing Director, Company Secretary or any other Director of the Company be and are hereby severally authorized to do, perform and execute all such acts, deeds, matters and things as may be considered necessary, expedient, usual or proper to give effect to this resolution including but not limited to fixing of the Record Date as per the requirements of the Listing Agreement, execution of all necessary documents with the Stock Exchanges and the Depositories, Reserve Bank of India and/or any other relevant statutory authority, if any, cancellation or rectification of the existing physical share certificates in lieu of the old certificates and in case of shares held in dematerialized form, the sub-divided equity shares be credited to the respective demat accounts of the beneficiaries in lieu of the existing equity shares held by them and to settle any question or difficulty that may arise with regard to the sub-division of the equity shares as aforesaid or for any matters connected herewith or incidental hereto."

Item No. 7: Alteration of Memorandum of Association

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 16 and all other applicable provisions, if any, of the Companies Act, 1956 (including amendments thereto or re-enactment thereof), the consent of the members of the Company be and is hereby accorded for alteration of the Memorandum of Association of the Company by replacing the existing Clause V with the new Clause V which shall read as follows:

- V.** The Authorized Share Capital of the Company is ₹ 77,00,00,000 (Rupees Seventy Seven Crores only) consisting of 30,31,00,000 (Thirty Crores Thirty One Lakhs only) Equity Shares of ₹ 2/- (Two) each and 1,63,80,000 (One Crore Sixty Three Lakhs Eighty Thousand only) Redeemable Preference Shares, whether Cumulative or Non-cumulative of ₹ 10/- (Ten) each with the power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such rights as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights in such manner as may for the time being be provided in the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do perform and execute all such acts, matters, deeds and things as it may consider necessary, expedient, usual or proper to give effect to this resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard and for any matters connected herewith or incidental hereto."

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

Item No. 6:

As the members are aware, the equity shares of your Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited, (BSE) and are also regularly traded on the said Exchanges.

However, as a measure of further improving the liquidity of Company's shares, it is proposed to sub-divide the nominal value and paid up value of the Equity Shares (Authorized/ Subscribed / Issued and Paid-up) of the Company.

The members may note that presently the nominal and paid up value of the equity shares of the Company is ₹ 10/- per share and consequent upon the proposed sub-division, it shall be ₹ 2/- per share. This implies that each equity share of ₹ 10 each shall be subdivided into 5 equity shares of ₹ 2 each.

The Managing Director, Company Secretary or any other Director of the Company, in consultation with the Stock Exchange(s), as may be required, shall fix the Record Date for the purpose of ascertaining the list of members whose shares shall be subdivided, as proposed above, and the same shall be notified to the members through appropriate medium.

Pursuant to the provisions of Section 94 of the Companies Act, 1956, approval of the members is required for sub-division of shares, by way of passing Ordinary Resolution in their General Meeting.

Hence the said resolution is recommended for your approval.

None of the Directors of the Company is in any way interested or concerned in the said resolution, except to the extent of shares held by him or by his relatives in the Company.

Item No. 7:

The existing Clause V of the Memorandum of Association states the present Authorized Share Capital and division thereof in terms of number of shares and nominal value of each share.

In view of the proposed subdivision of equity shares, the nominal value of each share shall stand reduced from ₹ 10 per share to ₹ 2 per share and the corresponding number of shares shall increase accordingly.

In view of the aforesaid, the existing Clause V of Memorandum of Association needs to be altered accordingly.

A copy of the existing Memorandum and Articles of Association as well as the specimen of the amended Memorandum and Articles of Association of the Company is available for inspection by the members at the registered office of the Company between 11 a.m. to 5 p.m. on all working days.

Pursuant to the provisions of Section 16 read with Section 94 of the Act, any such alteration needs to be approved by the members by passing an Ordinary Resolution.

Hence the said resolution is recommended for your approval.

None of the Directors of the Company is in any way interested or concerned in the said resolution, except to the extent of shares held by him or by his relatives in the Company.

By the Order of the Board of Directors
for **Advanta India Limited**

Place : Hyderabad
Date : 10.05.2013

Pushpalatha K
Company Secretary

THE WORLD SMILES WITH US

19TH ANNUAL REPORT 2012



THE REASONS BEHIND THE SMILES



Alberto Linguetti
Córdoba
Product: VDH 422

"I came to know about the product through our distributor, and decided to sow it 4 years ago, with excellent results from the first year. And continued to use it always to produce forage and silage of great potential. I chose it because of its quality and potential considering the drought periods. The results were excellent...the best this time, even with a dry year.

It is a sorghum that can hold its own against almost anything. It always has good color, great disease tolerance and never has an attack of any plague. Compared with sorghums of other companies, VDH 422 has a great yield potential even in drought conditions. Other products cannot stand the amount of dry days and heat that VDH 422 can."

Damián Pettovello
Buenos Aires
Products: VDH 422 , VDH 314

"Advanta has a very ambitious and high quality Sorghum Program, and that's amazing. The results we get are not usual. Besides management, it's obvious that the Company has been working on the products for years, even when other companies abandoned it. These hybrids, in general, have an excellent behavior, even in extremely bad conditions. Its adaptability to different conditions is fantastic. VDH 314 is a great potential hybrid that provided us with excellent results and higher yields. VDH 422 is great as a double purpose, and every year allows me to have extra material, even in difficult years. It is a product that never stops me to wonder."



Fernando García
Huinca Renancó, Córdoba
Product: VDH 422

"I have used this product for five years. It is a product that fits my productive system because it can be used for silage and also left for grain harvesting. Every year, I have great results in green material production for silage, with great quality. Its disease tolerance is excellent and that's why I am interested in the product. We've never used insecticide in the last five years.

Compared to the competition, VDH 422 has a great panicle size, great behavior and the advantage of being double purpose."



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Form of Proxy and Attendance Slip



About Advanta

Advanta is an Indian Plant Genetics company with a global presence. We are present in Asia, Africa, Australia, South America, North America and Europe. We export high quality seeds to about 25 other countries. **Advanta is a world leader in sorghum** (grain, forages and sweet) and has a strong position in tropical corn, sunflower, canola, sweet corn and vegetables. Advanta is currently embarking upon a very aggressive growth strategy in the emerging markets of Africa, Asia and Latin America.

Our Values

Our Values are our unstinted commitment to our stakeholders

- Innovation
- Agility
- Respect
- Excellence

Trust, integrity and transparency are imbibed in our conduct.

Purpose

Our superior germplasm combined with technology and bioscience capability gives us a robust platform for growth. While continuing with traditional breeding principles, we have adopted technological advancements for our crop research. At the core of our heart, we believe that it is our purpose to deliver value to the farmers and help them in increasing their yields.

Our Vision

Driving Sustained Growth through World-Class Plant Genetics & Innovative Technology.

While our purpose statement indicates why we exist, our vision statement conveys our strategy, intent, objective and the driving force to accomplish our vision.

Strategy

Create / Acquire breakthrough products

Focus on high quality production

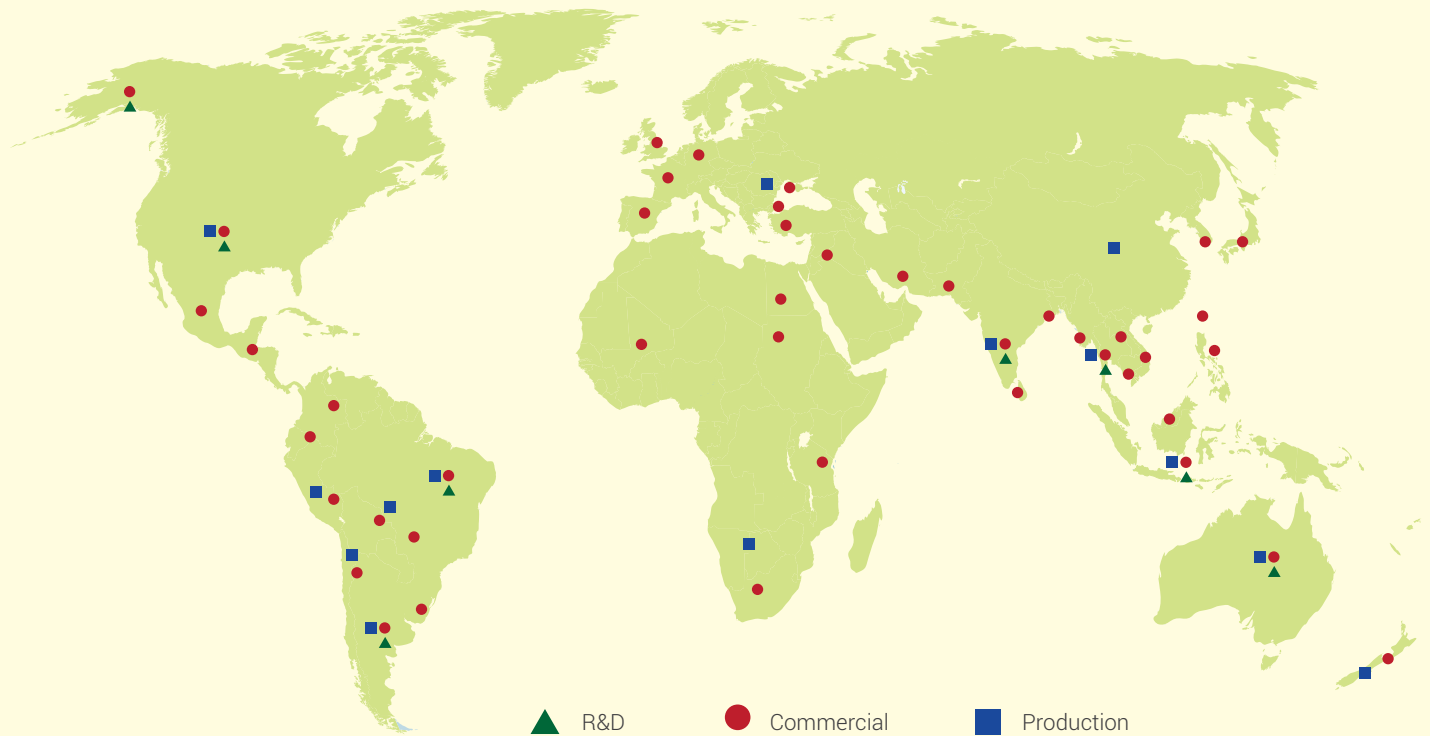
Market aggressively aimed at customer satisfaction

Maintain high level of operational efficiency and

Retain talent through a transparent Performance Management System

- Resulting in a profitable & cash rich business

A Global Presence

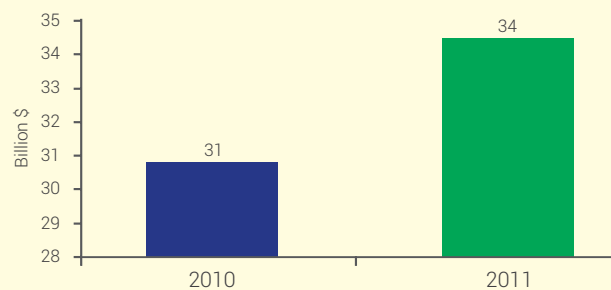


Global Commercial Seed Market Size

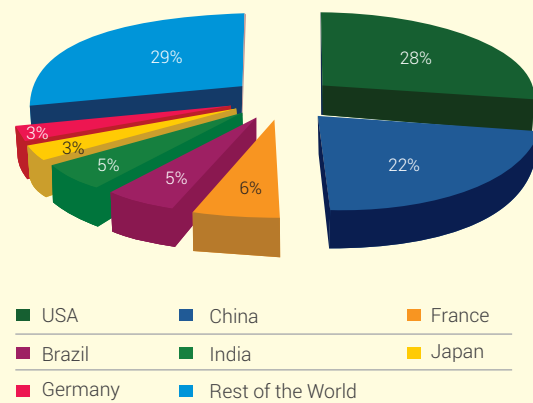
Global Seed Market Value

Total seed market size - 34.5 Billion \$

Global annual growth rate - 11.9%



Global Commercial Seed Market - Breakdown by Country



Source: Global Seed Market Report 2012- Philipps McDougal

Acquisitions

Strategic acquisitions have given an edge to Advanta in terms of market access and portfolio expansion. We have successfully completed six acquisitions.

COMPLETED 6 ACQUISITIONS FROM 2007 - 2010

| COMPANY | COUNTRY | CROP | FROM |
|--------------------|-------------|--------------|-------------|
| Longreach | * Australia | * Wheat | * Syngenta |
| Golden and Unicorn | * India | * Vegetables | * Promoter |
| Garrison Townsend | * USA | * Sorghum | * Promoter |
| Advanta Pacific | * USA | * Sunflower | * Limagrain |
| Crosbyton Seed | * USA | * Sorghum | * Promoters |

ADVANTA IS A UNIQUE PLACE WHERE MODERN SCIENCE CO-EXISTS WITH TRADITIONAL VALUES

Global Manpower Strength

| | | | | | | |
|--------------------------|------------------|---------------------------|----------|------------------|-----------------------|-----------------------|
| R&D 160 | Admin & HR 58 | Finance 42 | IT 11 | Production 90 | Processing 89 | Quality Control 17 |
| Marketing / Sales 114 | | Product Development 26 | | Others 23 | Total Manpower 630 | |

Five-year Consolidated Financial Summary

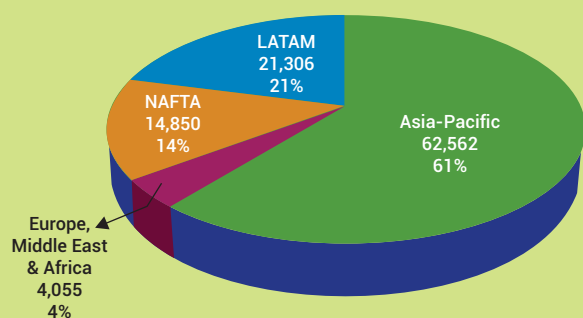
(INR Lacs)

| Accounting Year | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-----------|-----------|------------|-----------|------------|
| Total Sales | 58,443.52 | 65,058.68 | 65,357.45 | 91,181.14 | 102,772.81 |
| Total Income | 62,336.08 | 69,834.04 | 70,652.07 | 95,214.92 | 107,299.46 |
| Earnings before Interest, Depreciation, Taxes & Amortisation (EBIDTA) | 11,351.23 | 10,102.03 | 7,135.96 | 13,330.17 | 16,783.26 |
| Profit after Tax & Minority Interest | 5,049.75 | 2,705.03 | (2,745.29) | 1,229.05 | 5,936.27 |
| Gross Fixed Assets | 74,326.97 | 78,963.04 | 85,989.27 | 93,796.36 | 95,033.91 |
| Net Fixed Assets | 64,674.28 | 66,489.05 | 71,062.86 | 74,563.75 | 72,903.51 |
| Gross Debt | 42,668.53 | 47,104.70 | 60,825.44 | 67,504.95 | 57,997.34 |
| Net Worth | 45,977.23 | 51,091.01 | 50,220.92 | 54,138.13 | 56,571.99 |
| Cash & Cash equivalents | 6,340.08 | 3,356.43 | 6,093.60 | 15,108.95 | 14,860.17 |
| Earnings per Share ₹ | 30.00 | 16.06 | (16.30) | 7.29 | 35.21 |
| Book Value per Share ₹ | 273.04 | 303.36 | 298.01 | 321.21 | 335.48 |
| Debt Equity Ratio (on Gross Debt) | 0.93 : 1 | 0.92 : 1 | 1.21 : 1 | 1.25 : 1 | 1.03 : 1 |
| Debt Equity Ratio (on Net Debt) | 0.79 : 1 | 0.86 : 1 | 1.09 : 1 | 0.97 : 1 | 0.76 : 1 |
| Net Profit / Sales (%) | 8.64 | 4.16 | (4.20) | 1.35 | 5.78 |
| Dividend on Equity Shares (%) | 10.00 | 10.00 | - | - | - |
| Return on Net Worth (%) | 10.98 | 5.29 | (5.47) | 2.27 | 10.49 |

Crop Sales

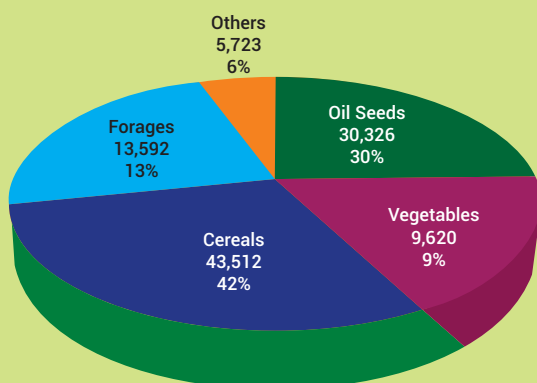
| | Value (INR Lacs) | Contribution to Total Sales |
|---------------------------------|------------------|-----------------------------|
| Conventional Seed Sales | 97,909 | 95% |
| Genetically Modified Seed Sales | 4,865 | 5% |
| All Crop Sales | 1,02,773 | 100% |

Segment Sales (INR Lacs)



| Geography | Amount (INR Lacs) |
|------------------------------|-------------------|
| Asia-Pacific | 62,562 |
| LATAM | 21,306 |
| NAFTA | 14,850 |
| Europe, Middle East & Africa | 4,055 |
| TOTAL | 102,773 |

Cropwise Sales (INR Lacs)



| Crop | Amount (INR Lacs) |
|--------------|-------------------|
| Cereals | 43,512 |
| Oil Seeds | 30,326 |
| Forages | 13,592 |
| Vegetables | 9,620 |
| Others | 5,723 |
| TOTAL | 102,773 |

CEO's Message



Dear Shareholder,

I am very pleased to bring to you the 19th Annual Report of your company. I am happy to report that Advanta has recorded good financial results in 2012 too. We have crossed the INR 1000 Cr. mark in revenues for the first time. Coming on the back of a very good year in 2011, the impressive growth in revenue and profits that we have recorded in 2012 is a noteworthy performance.

Some of the areas where Advanta has shown good results this year are:

Our Canola hybrids in Australia have performed very well, bearing testimony to the success of our breeding program. The success of the TT technology trait has also contributed to the performance of our Canola hybrids compared to the competition. Longreach wheat varieties have also started performing well and have gained market share this year. Overall it was a very good year for us in Australia.

Our NAFTA team has achieved tremendous results this year. In spite of a tight supply situation of Sorghum seed they have recorded excellent revenues and outstanding growth in profitability. Value pricing of our products and cost reduction efforts have been the hallmarks of the performance of our NAFTA team. Our branded Sorghums have started performing well in both US and Mexican markets. This is a remarkable new dimension to our business in NAFTA.

We have done exceedingly well in many of the International markets, driven essentially by Corn. We have started investing in the South East Asia and African markets in a big way. These investments have already started to pay off in SE Asia while they will take more time in Africa. We signed Letters of Intent with four African countries to promote agriculture in those countries under the 'Grow Africa' program.

Sweet Corn sales in South East Asia have been excellent during this year. We also received the first large order for Nutrisun and the seed production is taken up. This order will be executed in 2013.

The other teams such as Thailand, Argentina, Europe & CIS and India have performed well within the limitations of seed availability, weather conditions and product registrations.

We faced seed production shortfalls in Thailand (Corn), Argentina (Canola), Australia (Forages) and USA (Sorghum) in varying degrees due to weather related factors.

Overall, Canola, Corn, Sweet Corn and Sunflower have shown good growth. Some of the International geographies in Asia, Latin America, Africa, etc. have done a great job of growing our business in these crops. Australia had a fantastic season with Canola. In most of these cases, we exploited the opportunities that came our way or the ones that we created.

In spite of the shortage of seed in some cases, our supply team has done an outstanding job of moving the largest volume of seed we have ever produced and supplied to the market. Our teams have overcome adverse weather conditions in many places to emerge winners with our supplies.

We will be investing further in strengthening our supply capabilities. We are working on increasing our resources at the ground level, diversifying our production locations to mitigate weather-related risks. This will be a major area of focus for us in 2013 and 2014.

We continued to invest in our research projects. This is the lifeline for the future of the Company and we are committed to investing in our future.

We created the Technology Development function at the global level for the first time, integrating the TD activities of individual countries into a global process. We are happy that considerable progress was made in creating protocols & documentation for our product testing and registration activity around the world. We believe that the agronomic trials that will be undertaken by this function will add considerable value to our products and their competitive positioning in the market.

Similarly, the newly created Marketing function initiated the branding activity and a large number of market development projects. Other functions like Finance and HR provided excellent support to the operations and helped them achieve the business objectives.

The new business model in India has started producing good results. We have seen a very good acceptance of our forage products in India. We hope this will grow further into a big business.

The two major areas of improvement for us this year are:

- a) Gross Margins improved by 2 percentage points compared to 2011
- b) Seed write-offs have come down by 30% compared to 2011

Both these factors played an important role in increasing our EBIDTA by almost 2 percentage points.

We are looking at 2013 with a lot of positive energy and confidence. We have some very exciting early indicators. There will be challenges without doubt. But if we grab the opportunities with an entrepreneurial spirit and face the challenges with a positive frame of mind, I am sure we will succeed. During this year, apart from achieving our targets, we have to build considerable capacity in our supply teams. This will be a major area of focus for us.

I would like to thank all the shareholders for their support all along. Thank you for the confidence you have shown in our team.

Ram Kaundinya

Research & Development

Research and Development is the cornerstone of Advanta's global business. We invest about 11% of our revenues in research every year. Our research effort helps us to develop new and competitive products for our markets and helps us to stay ahead of the others.

Our R&D strategy involves realising genetic gains in the elite, proprietary germplasm at a faster rate and at a better quality than our competitors.

Our Biotech Centres are located in IKP Knowledge Park, Genome Valley, Hyderabad, India and in Balcarce, Argentina. These centres of excellence are equipped with cutting-edge technologies to support our crop breeding programs.

At Advanta, we aim to improve crop productivity and reduce the cost of production in various crops by means of genetic enhancement of seeds. In all these centres, there is a multi-disciplinary group that gives research support to our breeding programs in the fields of Marker Assisted Selection, Molecular Mapping, Fingerprinting, Structural & Functional Genomics, Pathology and Transformations & Double Haploidy.

We apply different technologies such as QTL Mapping, Candidate Gene Strategy, Association Mapping, Backcrossing, Breeding Population Development and Single Marker Locus Analysis for breeders. Balcarce Biotech Centre has major expertise in Sunflower, and we are further increasing our MAS capacities in order to provide support to Sorghum, Corn and Canola breeding programs. Transgenic crops (Rice, Tomato and Mustard) with various important agronomic traits such as insect resistance, virus resistance, drought and herbicide tolerance are being developed at IKP Knowledge Park in India.

These cutting-edge technologies coupled with conventional breeding programs can provide a breakthrough in developing high-yielding hybrids in various crops.



BREEDING LOCATIONS

| Research Location | Breeding Program |
|-----------------------------------|---|
| Argentina - Venado Tuerto | Sunflower, Field Corn & Sorghum |
| Argentina - Balcarce | Specialty breeding for Sunflower Nutrisun project |
| Australia - Toowoomba & Gatton | Canola, Sunflower, Sorghum, Field Corn & Wheat |
| Brazil - Uberlandia | Field Corn |
| France - Toulouse | Sunflower |
| India - Bangalore, Pune & Sonapat | Vegetables |
| India - Hyderabad | Rice, Sorghum, Millet, Cotton & Vegetables |
| Thailand - Phraphuttabat | Field Corn, Sweet Corn, Baby Corn & Waxy Corn |
| USA - Hereford | Sorghum |





Brand Advanta

Brands represent invaluable intangible assets. At Advanta, we focus on creating and nurturing a global and strong brand.

Brand equity is the added value a product accrues as a result of past investment in the marketing activities of the brand. We have started the process of developing and implementing a unified global brand plan in earnest, to align local branding efforts in a singular direction to present a consistent image to various stakeholder groups in different continents.

We started designing and implementing marketing programs and activities to build, measure, and manage Brand Equity.

Our Brand Strategy builds on our vision and emerges from our company's values and culture. It is aligned with our business strategy and reflects an in-depth understanding of our customers' needs and perceptions.

Our Brand Positioning - as part of Brand Identity, is communicated through specific associations which define us as a progressive global company with presence in five continents that uses modern technology in a wide range of crops, leaving a large genetic footprint in the world, and a company with a promising growth potential.

Our Reasons to Believe are based on our strong research base, good seed production capabilities, cooperation with all the major technology companies in the world, and a committed team that is motivated and proud of its achievements.

Advanta Seeds operates with five different Brands around the world: Advanta, Pacific Seeds, Alta Seeds, Golden Seeds and Longreach. These are based on different geographies and crops.

The Corporate Branding strategy for these five brands is based on creating common Brand Elements to simplify the associations for the stakeholders.

This Corporate Strategy seeks to provide a central, unifying idea around which all behaviors, actions, and communications are aligned, working across Brands, products and services, under the umbrella of the Advanta Brand.

During 2012, we developed the first Brand Element to be applied across these Brands - a modern packaging design, defining a specific pantone color to identify each of the Brands and another one for each Product Category. Also, we developed simple iconography for every category. This new packaging design is already being used in geographies that began sales of new products from mid-2012. The other countries have a firm transition plan to implement this common design instead of the many and varied designs currently being used.

We have begun to work on a unified product Brand Architecture, to implement uniform Product Naming reflecting a belongingness to the mother Brand "Advanta."

We understand that a number of benefits can accrue from a strong brand in terms of greater revenue and lower cost. We consider two categories of factors that create financial value for the brand as being of paramount importance: factors related to growth (the brand's ability to attract new customers, resist competitive activity, introduce line extensions, and cross international borders) and factors related to profitability (brand loyalty, premium prices, lower price elasticity, lower advertising:sales ratio, and trade leverage).



Seed Production

Advanta has amassed considerable production and supply capabilities across various geographies in the world. We produce seeds of a wide variety of crops across 14 or more countries and supply them to more than 30 countries. This calls for a very close coordination of parent seed movement, production volume & quality management, packaging requirements, logistics, regulatory requirements and communications. Weather-related risks and currency-related risks are high in such a scenario and a continuous effort is made to mitigate these risks with various preemptive measures.

PRODUCTION INFORMATION

| | |
|---|--------|
| No. of production locations / countries | 14 |
| Total area under Seed Production (Hectares) | 34,632 |
| Total quantity processed (MT) | 59,656 |
| No. of growers | 20,122 |
| No. of hybrids produced & processed | 221 |

India offers the best possibilities to produce seed for different countries because of the varied agro-climatic conditions and their suitability for seed production. To produce the best quality of hybrid seeds, Advanta India has established a strong and loyal grower base of more than 20,000 farmers across India - in Andhra Pradesh, Karnataka, Maharashtra, Rajasthan, Gujarat, Haryana, Uttar Pradesh, West Bengal and Chhattisgarh. Not only do these areas have suitable agro-climatic conditions for hybrid seed multiplication, growers possess the expertise of adopting and improvising the seed production technology. Also, the farmers are well-trained to produce high quality seeds that meet international standards.

Advanta indirectly supports farm workers and technical seasonal field staff (involved in field production technology activities like rouging, detasseling, pollination etc.) by generating work for them, and helps in transporting the seed from field to seed conditioning factories. Advanta thus generates support for approximately 3000-4000 families in India - directly or indirectly - in providing employment and / or work.

Advanta adopted the "Seed Village Concept," a unique approach to build grower base as well as establishing a long term relationship with the farmers. This concept encourages and ensures that all farmers in a single village opt for the seed production program of one company, thereby ensuring good quality and quantity of production.

Apart from seed production technology learnings, other improved agronomic and pest disease management methods are also being implemented to achieve best productivity and impart latest know-how of cultivation technology such as implementation of Drip and Mulch technology in vegetable crops. We encourage farmers to use net houses by supporting them through advances, and following integrated pest management in all our production plots which resulted in good productivity with quality seeds.

We have successfully implemented bar coding systems that assist in efficient tracking of seed lots from the parent seed stage.

We have our own or outsourced processing facilities in Australia, Thailand, Indonesia, India, China, Romania, Africa, USA, Chile, Brazil, Argentina and other countries. Well-equipped quality labs and systems support all our processing units. Our processing units are considered to be the best as we have adopted latest technologies that deliver maximum output with the best possible quality.

We have well-equipped quality labs for conducting tests for germination, physical purity, moisture and vigour. Technically trained staff analyse the results in a very efficient manner. Our labs are also equipped with IEF and EP machines for declaring quick and accurate purity results in time for the market. We are also using advanced technology-based Quality Management Systems with the help of molecular makers in some parts of the world. This will be soon extended to all centres.

We have appointed qualified staff in our production and supply function all over the world. They also support in developing good agronomical practices for controlling and discarding poor quality lots at field level which results in better operational efficacy in labs and processing plants. Continuous training of the staff and their involvement in enhancing our technological capabilities in the supply function are expected to help us in strengthening this function further. The aggressive business projection of the Company needs to be supported with investments in improving our supply capabilities. We are in a continuous state of improvement in this area.

Our objective is to give the best quality seed to the farmer irrespective of his location. We are making a marked progress in that direction.





Vegetable Seeds Business

Advanta's Vegetable Seeds business consists of the fresh corns (sweet corn, baby corn and waxy corn) and the tropical vegetables (tomato, brinjal, okra, chilli, gourds, cauliflower and others). While the fresh corn business, primarily focused in Thailand and other South East Asian countries was a part of the acquired business in 2006, the tropical vegetables business was added to the Advanta portfolio subsequently, with the acquisition of Golden Seeds and Unicorn Seeds in India.

UPL-Advanta, with the flagship brand Golden Seeds, is one of the major players in the Indian Vegetable Seed industry. With significant market share in Tropical Cauliflower, Beetroot, Peas and other crops, Advanta is now geared to explore and access the high value markets of Solanaceous and Okra crops with distinct novel hybrids slated for launch in the next 2-3 years.

The Indian vegetable seeds market is fragmented and is stretched across the whole geography of India. The major contributing crops are Tomato, Chilli, Okra, Cauliflower, Cabbage and Cucurbits (Gourds, Melons and Squashes). With the advent of the processing industry, institutional retail chains and changing food habits, the market for fresh corn which includes sweet corn and baby corn is also increasing at a rapid pace. It brings us the opportunity for testing the strength of our germplasm in the Indian market. Early results have shown a good potential for growth.

In addition to the six crops in which we have breeding programs, we also source some other crops from overseas suppliers. Dealing in 35 crops with more than 175 SKUs, our portfolio is well diversified.

The major crops that we deal in are:

- Tomato
- Hot Pepper
- Egg Plant
- Okra
- Fresh corn
- Sweet corn
- Baby corn
- Bittergourd
- Cauliflower
- Green Peas
- Cabbage
- Cucumber
- Beetroot
- Watermelon



In order to bring about focus and future direction, the whole portfolio has been divided into strategic crops and opportunity crops based on market opportunity, our research strengths and our current market share.

Crops are further divided into various segments based upon plant characteristics, fruit characteristics, sowing window, market potential, etc. In the next few years, we will be present in almost all the major segments.

There is increasing demand and value for traits like high yield, disease resistance, sowing window expansion, longer shelf, better transportability, improved field holding capacity, etc.

The vegetables team is fully resourced with seven distinct functions:

- Crop Marketing team consisting of full time Crop Managers who look after the product / crop strategies
- Sales team consisting of Regional Sales Manager and Sales Officers
- Market Development team which works at the farmers' level and generates demand for the products
- Product Development team which tests the products in the field before they are commercialized
- Supply Chain team that takes the responsibility of the supply of seeds
- Research team that is responsible for breeding and biotech activities
- Export and Custom Production team

In order to draw more focus to our developmental activities, we have recently launched Project VIBE (Vegetable crop Initiative for Brand and Extension Excellence) which emphasises on

- Consumer-level demand generation
- Improved quality of products and services
- From "Features" based selling to "Benefits" based marketing
- Improved brand image

With well-structured professional teams in place, we are all set to capture a high market share and are striving to reserve our place among the top three vegetable seed companies in India.

The vegetables business is also focusing on building International business for our tropical vegetable products from India. We have had trials and sold products in various countries in the Middle East, Africa and South East Asia. The fresh corn products go to various countries in South East Asia, Latin America, Middle East and Africa.

Research

In-house research in vegetable crops is focused on the following strategic crops

India : Tomato, Peppers, Okra, Cauliflower, Eggplant (Brinjal), Bittergourd

Thailand : Tropical Fresh corns - Sweet corn, Baby corn & Waxy corn

The breeding program in India is based out of Bangalore, Hyderabad & Sonipat stations with early generation testing support in Pune, Guntur and Bhubaneshwar. This allows the R&D team to select germplasm best suited to various critical agro-climatic conditions. The team has nine breeders ably supported by a strong Biotech team that helps in molecular marker aided selection and use of double haploidy for speed to market. A state-of-the-art Biotech lab is housed at the Genome Valley in Hyderabad.

Disease-resistance breeding is a major emphasis, and to help screen our germplasm under epiphytotic conditions, a Pathologist and an Entomologist are also on board. In Tomato & Eggplant, we have two GM projects approved by the Dept. of Biotechnology. One of the projects is under the BIPP scheme. Besides releasing two commercial hybrids - one each in Tomato (Abhimanyu-ToLCV resistant) & Okra (Komal - less spiny pods & YVMV tolerant), the last four years' research efforts on these crops have led to the following pipeline in India:

| Vegetable Crop | No. of Pipeline Hybrids |
|----------------|-------------------------|
| Okra | 4 |
| Hot Pepper | 3 |
| Brinjal | 5 |
| Tomato | 2 |
| Bittergourd | 1 |
| Bottlegourd | 1 |
| Ridgegourd | 1 |
| Sweet Corn | 1 |
| Musk Melon | 1 |

In Thailand, the Fresh Corn breeding program has delivered excellent commercial hybrids and the pipeline has high NCLB resistance for Thailand, Indonesia & Vietnam markets. These are now being trialed in various international tropical markets.

| Crop | Segment | Varieties | Traits |
|------------|--------------------|-----------------|---|
| Sweet Corn | Fresh | Hibrix 3 | Large cobs, excellent taste, Thailand |
| Sweet Corn | Fresh & Processing | Hibrix 53 | NCLB-resistant, Thailand |
| Sweet Corn | Fresh | Hibrix 49 | NCLB-resistant, Indonesia |
| Sweet Corn | Fresh | Hibrix 58 | Large cobs, excellent taste, NCLB-resistant, Thailand |
| Baby Corn | Fresh | PAC 271 | High yield |
| Baby Corn | Fresh | PAC 321 | High yield, CMS-based |
| Waxy Corn | Fresh | Fancy Purple111 | Purple, healthy & high yield, Thailand, Vietnam |
| Waxy Corn | Fresh | PAC W10172 | White, high yield |

We have extended the trialing of vegetables to International markets through screening and trialing carried out in Egypt. The International development effort has been carried out by the Technology Development platform that we have established in 2012. A team of 7 TD Leads in different countries are assisting in carrying out systematic evaluations of our advanced products.



Our pipeline for International markets is summarized below:

NUMBER OF PRODUCTS READY FOR COMMERCIAL LAUNCH

| Crop | Bangladesh | Pakistan | Egypt | Kenya |
|-------------|------------|----------|-------|-------|
| Tomato | | 1 | 5 | 1 |
| Eggplant | | | 2 | |
| Bittergourd | | 1 | | |
| Radish | 1 | | | |
| Watermelon | 1 | | | |

R2 Second year Registration trials in progress in International markets:

| Crop | No. of Hybrids |
|--------------|----------------|
| Bittergourd | 1 |
| Bottlegourd | 1 |
| Eggplant | 7 |
| Hot Pepper | 4 |
| Sweet Pepper | 1 |
| Tomato | 14 |
| Watermelon | 1 |

Production Capabilities

We have production teams in South India (Karnataka) and North India (Rajasthan, Haryana, UP). The production team provides technical support to seed growers and ensures that high-quality seed is produced in these production centres. We have processing and packing facilities in Hyderabad and Sonapat.



Building a Strong Organizational Culture

Our Values define the Organisation's expectations, experiences, philosophy, people performance, behaviour and interactions with the external world to achieve the stated purpose of 'Providing Innovative Plant and Genetic Solutions.' We have identified and developed a clear, concise and shared meaning of core values, priorities and direction so that everyone understands and contributes. Our people demonstrate and model their values in action in their personal work behaviours, decision making, contribution, and interpersonal interactions. Our organisational values help our people establish priorities in their daily work life. We hire and promote individuals whose outlook and actions are congruent with the values. Rewards and recognition within the organisation are structured to recognise employees whose work embodies the values the Organisation has embraced.



We believe only the active participation of all employees of the organisation will ensure a truly organisation-wide, value-based, shared culture.

2012 was the year we focused on reinforcing our values through extensive culture-building exercises with the objective to imbibe the vision, mission and values in the family, define work and behavioural norms, build unified organisational culture across the group and emphasise on the organisation's expectations from the team.

To achieve the stated objective, a theme - NUCLEUS - was conceptualised to unify the two most important aspects of this initiative i.e. the team and the core values. It is expected to bridge the gap between the two as it connects with all the members and the organisation as one - WE, and also reinforces that WE together stand for and uphold the values.



NUCLEUS

This concept, directly and interestingly, drives across the fundamental principle that YOU - as a team member, are the core of the company. Therefore, YOU stand for the VALUES of Advanta. The word NUCLEUS not only brings about the sense of being centered, but also relates to seed and plant technology with committed people working to achieve the company's vision - 'Driving Sustained Growth through World-Class Plant Genetics & Innovative Technology.'

Our Values are our unstinted commitment to our stakeholders. With trust, integrity and transparency imbibed in our conduct, the following values govern our behaviour:

Innovation

We believe that Innovation is the introduction of new ideas, goods, services, and practices. It is not just about new technology. It is about new ways of doing things: new methods, new processes, and new ways of connecting the dots. There are opportunities for innovation in everything we do: in customer service, in sales, in business development, in operations, in product development. In all of these, innovation is welcome. Innovation is included here as a core value, not simply because innovation can produce economic rewards. Innovation is, for us, a core value because there is something about innovation that quickens the heart, that makes things better, that's good for the organisation.

We believe that innovation is intrinsically valuable, and that's why it's here as a core value.

Respect

Respect is one of the core values of our company as it should be in every workplace. We become so familiar with words that we use every day, that we believe we know what they mean implicitly.

We treat people, vendors, customers and society with courtesy, politeness and kindness. We encourage employees to express opinions and ideas to change or improve work. We treat people the same no matter their race, religion, gender, age, or country of origin. We implement policies and procedures consistently so people feel that they are treated fairly and equally.

We include all employees in meetings, events discussions and trainings. While not every person can participate in every activity, we do not marginalise, exclude or leave any one person out. We praise much more frequently than we criticize. Awards ranging from rapid recognition to long service awards are testimony to this. We encourage praise and recognition from employee to employee as well as from the supervisor.

The golden rule does apply at work - "treat others as you wish to be treated."

Agility

Our success in globally competitive markets demands agility - a capacity for rapid change and flexibility. Our businesses are more rapid, flexible, have customised responses and are speedy in delivering results.

We face ever-shorter cycles for the introduction of new / improved products and services, as well as for faster and more flexible responses to customers. Improvements in response times often require simplification of work units and processes, or the ability for rapid changeover from one process to another. Our major success factor in meeting competitive challenges is the design-to-introduction (product or service initiation) or innovation cycle time. To meet the demands of the rapidly changing global markets, we need to carry out stage-to-stage integration of activities from research or concept to commercialisation.

All aspects of time performance are now more critical, and cycle time has become a key process measure. Other important benefits can be derived from this focus on time. Time improvements often drive simultaneous improvements in our organisation, quality, cost, and productivity.

Excellence

We believe that our management, employees and customers should have high aspirations and strive for excellence in all endeavours, which will result in organisational, professional and personal improvement.



Our people, committed to excellence, recognise that they will continually pursue excellence. This requires the ability to articulate where we want to be; the ability to assess and evaluate current performance and identify opportunities for improvement; and the ability to close the gap between current and desired performance. Our people, committed to excellence, seek to clearly articulate their vision, honestly appraise their current performance, and develop a capacity for change.

To achieve excellence, the organisation is providing opportunities for people to build their career in an entrepreneurial environment. Greater emphasis is placed on both business related and behavioural skill development in the organisation. People have been nominated to specialised training courses in different parts of the world in addition to opportunities to work in a cross-functional and multicultural arena.

This mnemonic representing the organisational values was globally launched during various events starting from the Golden Jubilee celebrations of Pacific Seeds, Australia followed by a series of events in every subsidiary / location to reinforce and build a unified culture.

To drive the organisational strategy - 'Create / Acquire Breakthrough Products, focus on Quality, Market aggressively and Retain Talent through Transparent Performance Management System



culminating in a Profitable & Cash Rich Business' - the following employee behaviours are inculcated.

Speed in Action

We sought to improve employees' productivity and ability to help our customers. While furthering performance and application response speed, our employees should be able to transform ideas into action with alacrity. It defines all the related tasks and activities in terms of results to be achieved within the timelines. It improves effectiveness and efficiency of working in order to achieve better productivity of all the resources including time.

Ownership

The world we live in today has undergone rapid and disruptive changes. What were once accepted norms are being thrown out of the window today! New ideas, new working philosophies and new creeds are replacing the old ones. This means that our employability and survivability in an organisation is based on our ability to take ownership of what we are doing. Even if we are employed by someone else, we are as much the owner of the company as our employer is. When we take ownership of what we are doing, we internalise that part of our job and become more energised in what we do.

Result Orientation

It always keeps the focus on achieving the results as per the goals set. Therefore, it keeps the focus on the tasks and activities that are related to achieving the results. We need to make sure to maintain teamwork and team building particularly in tasks involving interdependencies. While focusing on the results is imperative, it is also necessary to maintain the required process orientation for quality results. This contributes in improving the processes.

This exercise has helped the organisation to not only define and practice a good work culture but also in internal brand building to retain talent and externally, to showcase Advanta as an employer of choice!



Corporate Social Responsibility

Advanta has always believed that businesses can and should have a positive impact on the communities they serve, and on the environment. Advanta is committed not just towards profitable growth, but also towards leaving a deeper imprint on the society as a whole.



Advanta is committed to its motto of being 'dedicated to the health and well-being of every household.' We, at Advanta, believe that current performance and sustainability go hand in hand and continue to place a strong emphasis on societal needs, while addressing environmental and climate change issues with increased significance. During the year, we have made considerable progress in meeting our social commitments for the betterment of the society. A number of charitable projects have been undertaken in the fields of education, training, community development and environment.

The following are the various CSR activities carried out by Advanta across the globe.

ADVANTA SEMILLAS SAIC, ARGENTINA

Advanta Semillas launched a contest for Rural Agro-technical High Schools. The project, called "ADVANTA HELPS" has the main objective of fostering education and environmental care.

The participating schools presented projects related to Environmental Care with the collaboration of teachers and students. The following projects were declared as the top three projects:

- BIOGAS PROMO 12 - with the objective of generating a source of renewable fuel-less contaminant in place of the conventional one
- DECREASE OF ENVIRONMENTAL POLLUTION - through the use of biodegradable bags
- RECOVER NUTRIENTS FOR THE FERTILITY OF THE SOIL - by reconstructing the cycle of life

On September 5 and 6, our HR team consisting of Susana Benedetti, Evangelina Gallardo and Julieta Castellazzi visited the winning colleges and granted a donation from the Company to help finance the projects.



PACIFIC SEEDS (THAI) LTD.

PAC Thai signed an MoU with Singburi College of Agriculture

Pacific Seeds (Thai) recently, represented by Mr. Yongyut Pansung, Marketing Manager, signed an MoU with Singburi College of Agriculture, represented by Mr. Bunsong Phommanon for the technology development of Hybrid Waxy Corn Seed "Fancy Purple Color 111."

Pacific Seeds (Thai) provided the students of the College with free Fancy Purple Color 111 hybrid seeds. The families of the students were encouraged and trained to use this new technology hybrid. It is hoped that this will improve the economic status of the families of the students and in return increase and promote Fancy Purple 111 in Singburi Province.

Pacific Seeds (Thai) Limited donated shirts with logos of its products to the environmental activists near its office to celebrate and honour the spirit of Songkarn festival.



Donation of sunflower seeds to Red Cross Foundation

Pacific Seeds (Thai), represented by Pachok Pongpanich (MD), presented sunflower seeds to Princess Sirindhorn for donation project support to the charity funds of her Royal Highness Princess Maha Chakri Sirindhorn held on 30 March, 2011.



Donation project support to the charity funds for the Princess

Pacific Seeds Thai, represented by Pachok Pongpanich (MD), presented a cheque of 1.28 million Baht to Princess Sirindhorn for donation project support to the charity funds of her Royal Highness Princess Maha Chakri Sirindhorn held on 30 March, 2011.



ADVANTA INDIA LTD.

Contribution towards building renovation & note books

During the month of June 2012, note books were distributed to the students of Zilla Parishad High School, Vavilala, Andhra Pradesh, India, at a small function organised by the School. Staff from Advanta's Vavilala R&D Centre attended the event and distributed the books.

Earlier in the year, we had substantially contributed to the renovation of the school building and provided much needed furniture.





Genetically Modified Crops Some Facts

INTRODUCTION

Crop improvement is a continuous process. From the time crop cultivation began, farmers have improved the genetic makeup of plants by selecting the produce to enhance their productivity, yields, tolerance to pests, diseases and drought. The history of these endeavours over the centuries has evolved in three stages (using increasingly advanced techniques): the first stage used selection of higher performing varieties in the form of collection of land races by farmers; Mendel's discovery of genetic principles in the 1900s made possible conventional plant breeding to obtain targeted traits through cross breeding of varieties; and the third phase began with the application of biotechnology tools to plant breeding including development of transgenic crops.

Transgenic crops (GM crops / Biotech crops) are developed by a process of genetic modification by which selected individual genes are inserted from one organism into another to enhance desirable characteristics ('traits') or to suppress undesirable ones. The key advantage of genetic modification is that it makes the process of crop improvement more efficient, expands the scope of breeding new varieties and achieves results in less time.

Although many fears have been propagated by the opponents of agricultural biotechnology, it is a science that is precise, predictable and beneficial to both farmers and consumers.

GENETIC MODIFICATION IS MORE PRECISE THAN CONVENTIONAL PLANT BREEDING

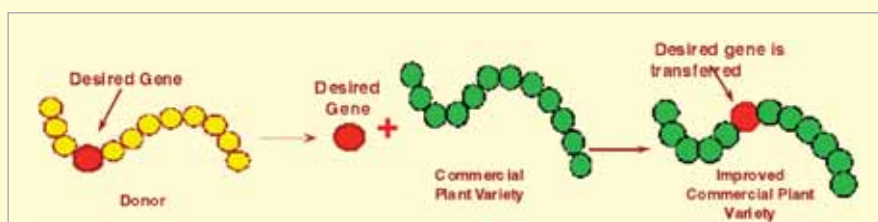
CONVENTIONAL PLANT BREEDING

Genes are made of DNA. It is like a string of pearls.



GENETIC ENGINEERING

Using plant biotechnology, we can add a single gene to the string.



Biosafety evaluation of GM crops / foods:

Biosafety evaluation of GM crops / foods can be divided into two areas, i.e. safety to human and animal health, and safety to the environment. To address the human and animal health safety of foods derived from GM crops, regulatory agencies around the globe adopt a systematic and structured approach. Biosafety analysis is a science-based process comprised of risk assessment, risk management, risk communication and is an analytical tool to systematically evaluate safety concerns addressing human and animal health. The goal of biosafety assessment is not establishing absolute safety but to consider whether the GM crop / food is as safe as its traditional counterpart. Safety studies include acute, sub-acute and chronic toxicity studies in small animals, feeding studies in large animals and allergenic studies on the target protein (like pepsin resistance, thermal stability, amino acid sequence homology and specific serum screening) and compositional analysis. Environmental safety studies include efficacy of the trait, pollen flow, effect on insects (target and non-target), flora and fauna, environmental fate / exposure and agronomic parameters. GM crops would get approved for release into the environment by the regulatory agencies only after establishing the safety of the GM crop or the product (as safe as its natural counterpart) to human and animal health, and to the environment.

GM Crops and traits approved:

GM crops that are approved for commercialisation and planting and / or for import for food and feed use worldwide are: maize, soybean, cotton, alfalfa, potato, canola / rapeseed, sugar beet, papaya, chicory, squash, sugarcane, sweet pepper, carnation, sunflower, lentil, flax, linseed, tomato, rice and wheat. A total of 2,497 regulatory approvals involving 25 GM crops and 319 GM events have been issued by competent authorities in 59 countries, of which 1,129 are for food use (direct use or processing), 813 are for feed use



(direct use or processing) and 555 are for planting or release into the environment. The event that has received the most number of regulatory approvals is the herbicide tolerant maize event NK603 followed by the herbicide tolerant soybean event GTS-40-3-2, insect resistant maize event MON810, insect resistant maize event Bt11, insect resistant cotton event MON531 and insect resistant cotton event MON1445.

Worldwide adoption of GM crops:

From the introduction of GM crops in the year 1996 to 2012, 28 countries planted biotech crops in 2012. Out of 28 countries, 20 were developing and 8 were industrial countries. In addition to the 28 countries that planted GM crops, 31 countries (totaling 59 countries) have granted regulatory approvals for biotech crops for import, food and feed use and for release into the environment since 1996. Five European countries (Spain, Portugal, Czech, Slovakia and Romania) cultivate GM corn. European Commission authorised for consumption of food, food ingredients / additives from GM crops like maize, soybean, oilseed rape, potato, sugar beet and cotton. Adoption of GM crops from 1.7 million hectares in 1996 to 170 million hectares in 2012, an unprecedented 100-fold increase in biotech crop hectarage, indicates that the GM technology is the fastest adopted crop technology in recent history. This emphasises one principal and overwhelming reason - biotech crops deliver substantial, and sustainable, socio-economic and environmental benefits. Brookes and Barfoot reported the environmental impact of GM crops on the following lines: Saved 393,000 tons of pesticides between 1996 and 2009 (9% of total consumption), while in 2009 itself 18 billion Kg of CO₂ was saved. These, along with the conservation of soil and water through biotech + no / low till cultivation had a major impact on the environment. In addition, double crop production on the same area of 1.5 billion hectares of crop land saved forests and biodiversity because producing the additional 229 million tons would have required 75 million hectares of additional land.

Indian activities: Private and public:

R&D activities on GM crops are led by public-funded institutions and private seed companies for development of traits like insect resistance, herbicide tolerance, drought tolerance etc. in crops like brinjal, cabbage, cauliflower, castor, corn, groundnut, okra, potato, tomato and rice. Most of the traits are at field evaluation stage.

Regulatory environment:

In countries where business activities of Advanta exist, the GM regulatory environments differ drastically from one country to another. Advanta wishes to follow country-specific regulations while dealing with GM crop activities in that country.

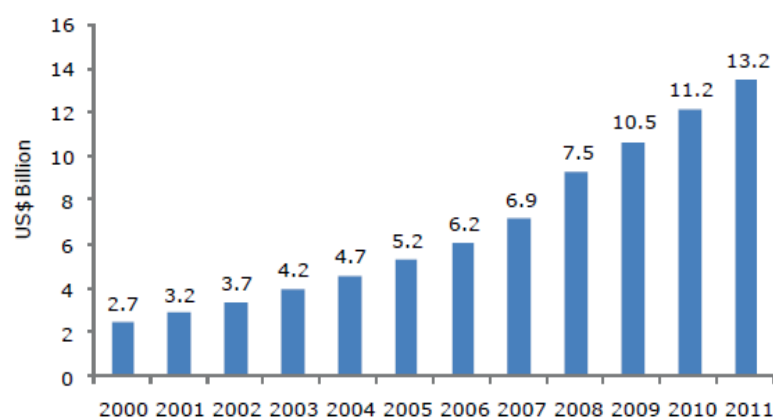
Future traits:

In the near future, second generation products expected to be introduced to the market include those with increased yield, drought tolerance, salt tolerance and nitrogen use efficiency, as well as agronomic input traits and value addition traits. GM crops like drought tolerant maize, golden rice, drought tolerant sugarcane would be introduced into the market in the near future. Further, new products with stacked events could be expected to be in increased numbers in the market.

GM activities of Advanta:

Advanta initiated its R&D and marketing activities in the field of GM crops. Advanta is marketing Bt. Maize in Philippines and Bt. Cotton in India apart from GM Corn in Argentina and Brazil. These technologies were licensed from Monsanto. R&D activities have also been initiated on Bt. Brinjal (in India) in consortium mode with other Indian seed industries. In collaboration with Indian public-funded agricultural institutions and partial funding by the Government of India, transformation activities in rice and tomato were initiated. In rice, transformation activities are being directed towards developing events for BLB and BPH resistance and induction of male sterility. In tomato, transgenic events are aimed to develop: resistance to TLCV, TMV, nematode, fusarium and wilt. Transgenic research activities are being conducted in Argentina on sorghum for traits like NUE, WUE, salt tolerance, WUE / drought and insect control.

Global Biotech Seeds Market by Value
2011



Information sources:

<http://www.isaaa.org/>: ISAAA Brief 44-2012

<http://cera-gmc.org>

http://ec.europa.eu/food/dyna/gm_register/index_en.cfm

DBT. 2008. Guidelines for the Safety Assessment of Foods Derived from Genetically Engineered Plants; Indian Council of Medical Research, New Delhi. 2008. Department of Biotechnology, Government of India.

Board of Directors



Jaidev R. Shroff
Chairman



Vikam R. Shroff
Non-Executive Director



V.R. Kaundinya
Managing Director



Hardeep Singh
Independent Director



Vinod Sethi
Independent Director



Dr. Vasant P. Gandhi
Independent Director

Global Management Committee Members

V.R. Kaundinya
CEO



Alberto Leon
Business Lead Nutrisun
& Research Lead



Barry Croker
Business Lead
Australia & New Zealand



Jorge Moutous
Business Lead
Latin America



Manoj Gupta
Global Chief Financial Officer



P M Nanjappa
Global HR Lead



Pacholk Pongpanich
Business Lead Thailand,
Cambodia, Laos & Myanmar



Philippe Gall
Business Lead Europe & CIS and
Global Crop Lead – Oil Seeds



Soumen Sarkar
Supply Chain Lead
India & China



Steve Ligon
Business Lead NAFTA and
Crop Manager - Sorghum



Suren Tikoo
International Technology
Development Lead



Venkatram Vasantavada
Business Lead Asia & Africa, Intl.
VC and Global Crop Lead - Rice

Manoj Gupta

Chief Financial Officer

Pushpalatha K

Company Secretary and Compliance Officer

Auditors

S.R. Batliboi & Associates LLP
Chartered Accountants, 14th Floor, The Ruby
29, Senapati Bapat Marg, Dadar (West)
Mumbai – 400 028, India

Bankers

Axis Bank Limited
HSBC Bank
Kotak Mahindra Bank Limited
RABO Bank
Yes Bank Limited

Registrar and Share Transfer Agents

Sharepro Services (India) Private Limited
Samhita Complex, Gala No. 52 to 56
Building No. 13A-B, Near Sakinaka
Telephone Exchange, Andheri-Kurla Road
Sakinaka, Mumbai – 400 072

Registered Office

Krishnama House, #8-2-418, 4th Floor,
Road No. 7, Banjara Hills, Hyderabad – 500 034
Ph: 040-6628 4000

Corporate Office

Unicorn House
Plot No. 3-5, #157/5, Balaji Encalve,
Transport Road, Near Gunrock,
Diamond Point, Secunderabad – 500 009

Investor Contact

Phone No: +91-40-2335 0907
E-mail id: investor@advantaindia.com
website: www.advantaindia.com

Committees

Audit Committee

Mr. Vinod Sethi - Chairman
Mr. Vikram R. Shroff
Dr. Vasant P. Gandhi
Mr. Hardeep Singh

Remuneration Committee

Mr. Hardeep Singh - Chairman
Mr. Jaidev R. Shroff
Mr. Vikram R. Shroff
Mr. Vinod Sethi
Dr. Vasant P. Gandhi

Investors' Grievance Committee

Mr. Vinod Sethi - Chairman
Mr. Jaidev R. Shroff
Mr. Vikram R. Shroff

Risk Management Committee

Mr. V. R. Kaundinya - Chairman
Mr. Vikram R. Shroff
Mr. Manoj Gupta
Mr. Ameya Salatry
Ms. Pushpalatha K

Plants

- B Camp Post, Krishna Nagar, Kurnool, Andhra Pradesh
- Kalakkal Village, Toopran Mandal, Medak District, Andhra Pradesh
- Bharati Brahma Seeds, Nutankal Village, Medchal Mandal, Gundla Pochampally, R.R. District, Andhra Pradesh
- Plot No. 110, Sec. 57, Phase – IV, Industrial Estate, Kundali, Sonapat, Haryana

Advanta Corporate Website: www.advantaindia.com

19th Annual General Meeting

Date : 5th June 2013
Time : 11:30 A.M.
Venue : Hotel Fortune Park Vallabha
Road No 12, Banjara Hills,
Hyderabad, AP, India.

Book Closure

Monday, 27th May, 2013
to
Wednesday, 5th June, 2013
(both days inclusive)

Notice

NOTICE is hereby given that the **19TH ANNUAL GENERAL MEETING** of the Members of **ADVANTA INDIA LIMITED** will be held on Wednesday, 5th June, 2013 at 11:30 A.M. at Hotel Fortune Park Vallabha, Road No.12, Banjara Hills, Hyderabad – 500 034, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at December, 31, 2012, Statement of Profit and Loss Account for the financial year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vikram R. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vinod Sethi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. S R Batliboi & Associates LLP, Chartered Accountants (ICAI Registration No. 101049W) as Statutory Auditors of the Company to hold office as such from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to authorise the Board of Directors to fix the remuneration.

SPECIAL BUSINESS:

5. **Change of Name of the Company**

To consider & if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 21 and all other applicable provisions, if any, contained under Companies Act, 1956 and subject to the approval of Central Government i.e., Registrar of Companies, Andhra Pradesh, the name of the Company be and is hereby changed to **ADVANTA LIMITED**.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 16, 31 and all other applicable provisions, if any, contained under the Companies Act, 1956, the existing name of the Company i.e. ADVANTA INDIA LIMITED be substituted by **ADVANTA LIMITED** wherever it occurs in the Memorandum and Articles of Association of the Company and on all the letter heads, vouchers and other books of Account."

By the Order of the Board of Directors
for **Advanta India Limited**

Place : Mumbai
Date : 26.04.2013

Pushpalatha K
Company Secretary

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 SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument appointing proxy in order to be effective should be duly stamped, completed and signed and should be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.

2. Members / proxies should bring the Attendance Slip duly filled in for attending the meeting. The form of attendance slip and Proxy Form are given at the end of this Annual Report.

-
3. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
 4. The Register of Directors shareholding maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the AGM.
 5. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the Company.
 6. The Register of Members and the Share Transfer Books of the Company will remain closed from 27th May 2013 to 5th June, 2013 (both days inclusive).
 7. The certificate from the Auditors of the Company certifying that the Company's Employees Stock Option and Shares Plan - 2006 is being implemented in accordance with SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 will be available for inspection by the members at the AGM.
 8. Members desiring to claim previous years' dividends, which have remained unclaimed, are requested to correspond with the Company Secretary at the Company's registered office. Members are requested to note that dividends not encashed or not claimed within 7 years from the date of transfer to the Company's Unpaid Dividend Account, shall, as per Section 205A and Section 205C of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
 9. Members are requested to send all their correspondence relating to the transfer of shares, dividend matters etc., to the Company's Registrars and Share Transfer Agents - Sharepro Services (India) Private Limited., Unit: Advanta India Limited, Samhita Complex, Gala No. 52 to 56, Building No. 13A-B, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Mumbai - 400 072, India.
 10. Members holding shares in physical form are requested to notify/send any change in their address to the Company's share transfer agents, or to the Company at its Registered Office. Members holding shares in dematerialized form are requested to notify/send any change in their address to the concerned depository participant(s).
 11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 12. Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the Company. Therefore, the shareholders willing to avail this facility may make nomination in Form 2B.
 13. Members desirous of any information as regards the accounts are requested to write to the Company Secretary at least 7 days prior to the Annual General Meeting, so as to enable the Company to keep the information ready.
 14. The brief profiles of the Directors who are retiring by rotation and recommended for re-appointment are provided under the head "Additional Information".
 15. Explanatory Statement as required under section 173(2) is provided herewith.
 16. Advanta is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, has by its Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, permitted companies to send official documents to their shareholders electronically as part of its green initiative in corporate governance.

Recognizing the spirit of the circulars issued by the MCA, we are sending the documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report etc, to the e-mail address provided by you with your depositories.

We request you to update your e-mail address with your depository participant to ensure that the annual report and other documents reach you on your preferred e-mail account.

Explanatory statement under Section 173(2) of the Companies Act, 1956.

Item No. 5:

As the members are aware, Advanta India Limited has its operations in different countries across different continents, either on its own or through its subsidiaries.

In view of the aforesaid, the Board of Directors felt that the existing name of the Company is not commensurate with the global identity of the Company.

Hence, it is proposed to change the name of the Company from **Advanta India Limited** to **Advanta Limited**.

In this regard, we feel glad to inform you that the Registrar of Companies, A P. has approved the availability of the aforesaid proposed name in favour of the Company, vide its letter Dated: 23rd April, 2013.

Pursuant to the provisions of Section 21 of the Companies Act, 1956 any change in the name of the Company needs to be approved by the members by passing Special Resolution in their General Meeting.

Hence, the resolution is commended for your approval.

None of the Directors of the Company is in any way interested or concerned in the said resolution, except to the extent of shares held by them or by their relatives in the Company.

By the Order of the Board of Directors
for **Advanta India Limited**

Place : Mumbai
Date : 26.04.2013

Pushpalatha K
Company Secretary

Additional Information on Directors recommended for re-appointment:

Mr. Vikram R. Shroff

Mr. Vikram R. Shroff, 39, is a Non-Executive Director. He is on the Board of your Company since March 2006. He is a Graduate in Chemistry from University of Mumbai & Alumnus of Harvard Business School. He is also an Executive Director of United Phosphorus Limited and possesses rich experience of over 15 years. Currently he is responsible for human resource planning, purchase, commercial, marketing & production functions in UPL and focus on cost cutting measures.

Companies (Other than Advanta) in which Mr. Vikram R. Shroff holds directorships and committee memberships

Directorships

- Shroff Envirotral Private Limited
- Isar builders and Developers Private Limited
- Force Aviation Private Limited
- Uniphos Envirotronic Private Limited
- Demuric Holdings Private Limited
- JRF Research Private Limited
- AgriNet Solutions Limited
- United Phosphorus Limited
- Advanta Seeds Limited
- Shroff United Chemicals Limited
- Swal Corporation Limited
- Agraja Properties Limited
- Mrugal Properties Limited
- Tatva Global Environment (Deonar) Limited

Chairman of Board Committees: Nil

Member of Board Committees: Nil

Shareholding in the Company

Mr. Vikram R. Shroff holds 846650 (5.02%) equity shares of ₹ 10/- each of the Company.

Mr. Vinod Sethi

Mr. Vinod Sethi, 50, is an Independent and Non-Executive Director. He is on the Board of your Company since September 2006. Mr. Vinod Sethi is an alumnus of the Indian Institute of Technology, Mumbai from where he graduated with a degree in chemical engineering. He is also an alumnus of Stern Graduate School of Business of New York University from where he graduated with a Masters degree in business administration with a specialization in finance.

He has served in the Indian business division of Morgan Stanley for 12 years as its Chief Investment Officer and was appointed as its Managing Director in the year 1995. He has also served as the Chief Investment Officer for Morgan Stanley Asia.

Mr. Vinod Sethi has considerable experience in investing in secondary markets, initial public offering, pre-initial public offerings, private equity and early stage financing. Presently he is running his own investment firm.

Companies (Other than Advanta) in which Mr. Vinod Sethi holds directorships and committee memberships

Directorships

- Sethi Funds Management Private Limited
- Durgamba Investment Private Limited
- Amethyst Café Private Limited
- Geodesic Limited
- United Phosphorus Limited
- ITZ Cash Card Limited
- G.G. Dandekar Machine Works Limited
- Axsys Health Tech Limited
- KCP Sugars Agricultural Research Farms Limited
- K.C.P. Sugar and Industries Corporation Limited
- ISMT Limited
- IG3 Infra Limited

Chairman of Board Committees

- Geodesic Limited – *Compensation Committee, Audit Committee and Compliance Committee*
- ISMT Limited – *Audit Committee*

Member of Board Committees

- Geodesic Limited – *Remuneration Committee and Sexual Harassment Prevention Committee*
- G.G. Dandekar Machine Works Limited – *Audit Committee*
- Axsys Health Tech Limited – *Audit Committee, Remuneration Committee and Compensation Committee*
- KCP Sugars Agricultural Research Farms Limited – *Audit Committee and Remuneration Committee*
- ISMT Limited – *Investor Grievances Committee and Remuneration Committee*
- K.C.P. Sugar and Industries Corporation Limited – *Audit Committee and Remuneration Committee*

Shareholding in the Company

Mr. Vinod Sethi does not hold any equity shares in your Company.

Directors' Report

Dear members,

The Board of Directors are pleased to present the 19th Annual Report of the Company together with the Audited Statement of Accounts, Auditors' Report and the report on business and operations of the Company for the financial year ended 31st December 2012.

FINANCIAL PERFORMANCE

The financial highlights for the year under review are presented below:

(₹ in Lacs)

| Description | Consolidated | | Stand Alone | |
|--|------------------|------------------|-------------------|-------------------|
| | 31-Dec-2012 | 31-Dec-2011 | 31-Dec-2012 | 31-Dec-2011 |
| Sales Including other Income | 107,299.46 | 95,214.92 | 12,946.75 | 17,044.22 |
| Earnings Before interest, Tax & Depreciation and Amortization | 17,287.77 | 13,584.90 | 5013.54 | 7,315.10 |
| Profit before exceptional item, prior period adjustments and Tax | 7,250.63 | 2,679.24 | 589.59 | 1,593.66 |
| Exceptional Item | (470.42) | (238.24) | (470.42) | - |
| Prior period adjustments | - | (62.95) | - | - |
| Profit Before Tax | 6,780.21 | 2,378.05 | 119.17 | 1,593.66 |
| Profit / (Loss) After Tax (PAT) | 5,936.27 | 1,229.05 | 294.17 | 1,418.66 |
| Add: Balance brought forward from previous Year | 13,464.60 | 13,654.21 | (2,780.57) | (2,780.57) |
| Adjustment on account of amalgamation of subsidiary company | 143.47 | - | (179.02) | - |
| Surplus Available for Appropriations | 19,544.34 | 14,883.26 | (2,665.42) | (1,361.91) |
| Appropriations: | | | | |
| Proposed Final Dividend | Nil | Nil | Nil | Nil |
| Tax on Dividend | Nil | Nil | Nil | Nil |
| Transfer to General Reserve | Nil | Nil | Nil | Nil |
| Transfer to Debenture Redemption Reserve | 294.17 | 1,418.66 | 294.17 | 1,418.66 |
| Balance Transferred to Balance Sheet | 19,250.17 | 13,464.60 | (2,959.59) | (2,780.57) |

Conversion rates as on 31st December, 2012:

| For Balance Sheet items (Closing Rate) | | | For Profit & Loss Account (Average Rate) |
|--|---|-----------|--|
| 1USD | = | ₹ 54.9950 | ₹ 54.0500 |
| 1AUD | = | ₹ 57.0463 | ₹ 55.5191 |
| 1EURO | = | ₹ 72.5302 | ₹ 70.6148 |
| 1THB | = | ₹ 1.7978 | ₹ 1.7403 |
| 1IDR | = | ₹ 0.00571 | ₹ 0.00578 |
| 1BRL | = | ₹ 26.8596 | ₹ 27.6617 |

BUSINESS OVERVIEW/OPERATIONS

We have seen an excellent growth of 21% in the International business of the company during this year. We adopted a new business model in India under which UPL has been given the rights to produce and sell our seeds and in turn UPL shall make royalty payment to our Company as a certain percentage on sale. This change has helped to smoothen the operations and the results are encouraging.

Canola crop in Australia performed the best during this year riding on the success of the varieties and the TT technology. Canola showed a 76% growth at the global level. Longreach varieties have gained share in the wheat markets of Australia based on superior performance. Corn seed production suffered due to bad weather in Thailand, adversely affecting the availability in various markets. But still corn recorded a good growth of 11% over the last year. The other crops performed well.

FUTURE OUTLOOK / PROSPECTS

The future outlook of this business looks very bright. In 2013, the business environment is expected to be favorable in view of the high commodity prices in corn, sorghum and oilseeds. Our International business, particularly in Europe, SE Asia and Latin America is poised for a big growth in 2013. Few of the investments which we have been making in research and market development are expected to start paying off from 2013 onwards. We have positioned ourselves for a good growth by producing adequate amount of seed to meet the planned growth in 2013. During 2012, we have launched GM corn in Philippines and Brazil which is expected to ramp up in 2013. However, all our plans are subject to favorable weather in all our operating countries.

MODERNISATION / EXPANSION PROJECTS

We are in the process of modernizing our plants in Thailand and Argentina. Because of the continuous growth in our business, the capacities of our plants are being completely utilized in all the countries. We are reviewing these capacities and will be taking actions soon to upgrade all the facilities to suit the medium term business plans.

We are also investing in various market development activities in emerging markets like SE Asia and Africa. These investments have long gestation period.

RESEARCH & DEVELOPMENT

We continue to invest 10% to 11% of our revenues in research activity. This is essential to ensure a good future for the company. The investments in long gestations projects like Nutrisun and Longreach have started to show results in 2012. We have seen Nutrisun getting its first big order in this year which will be executed in 2013. This will make this project break even in 2013. Similarly Longreach varieties have started gaining market share and are promising to make it a profitable business very soon. We have invested in a SNP machine in Argentina which should increase the speed and the precision of our breeding activities with the use of SNP markers. We have invested more in the breeding programmes in France and Brazil during this year.

DIVIDEND AND TRANSFER TO RESERVES

The Board of Directors do not recommend any Dividend for the Financial Year ended 31st December, 2012 in view of inadequate Profits during the said year. Owing to the said reason, it is not proposed to transfer any amount to General Reserve Account.

Pursuant to the provisions of the Companies Act, 1956, the Company shall create a debenture redemption reserve Account for redemption of its debentures and adequate amounts shall be transferred to the said Account, out of its profits every year, until such debentures are redeemed fully.

In compliance with the aforesaid provisions, the Company has transferred an amount of ₹ 294.17 lacs to the debenture redemption reserve, being the available surplus profit for the year ended 31st December 2012.

SUBSIDIARIES

As on date, your Company has four direct subsidiaries: Advanta Seeds Limited – India; Advanta Holdings B.V. – Netherlands; Advanta Seed International – Mauritius; PT Advanta Seeds Indonesia - Indonesia and eleven step-down subsidiaries: Advanta US Inc. – USA; Advanta Netherlands Holdings B.V. – Netherlands; Advanta Finance B.V. – Netherlands; Advanta International B.V. – Netherlands; Pacific Seeds Holding (Thailand) Ltd – Thailand; Advanta Commercio De Sementas LTDA – Brazil; Pacific Seeds Pty. Ltd. – Australia; Advanta Semillas, SAIC – Argentina; Pacific Seeds (Thai) Ltd. – Thailand; Long Reach Plant Breeders Management Pty. Ltd. – Australia; Advanta (B.V.I) Ltd.- British Virgin Islands.

Pursuant to the provisions of Section 212 of the Companies Act, 1956, your Company, being the Holding Company, is required to attach the Directors' Report, Balance Sheet, and Profit and Loss account and other documents of its subsidiaries along with its Balance Sheet.

In this regard, it may be noted that pursuant to the directions issued by the MCA, vide General Circular No.2/ 2011, Dt.8th February, 2011, general exemption has been granted to the Companies from complying with the provisions of Section 212 of the Companies Act, 1956 in respect of their subsidiaries. This implies that your Company, being the Holding Company need not attach the Balance Sheet, Profit and Loss account etc., of its subsidiaries subject to compliance of certain conditions attached with the said exemption.

In view of the compliance of said conditions, audited consolidated financial statements for the year ended 31st December, 2012, prepared in compliance with applicable Accounting Standards are attached herewith.

Further, your Company undertakes that the Annual Accounts of the subsidiary Companies and the related detailed information will be made available to its shareholders and to the shareholders of its subsidiary companies seeking such information at any point of time. Further, the Annual Accounts of the subsidiary Companies shall also be kept for inspection by any shareholder at its head office and that of the concerned subsidiary companies.

Further Statement as required under Section 212 in respect of Subsidiaries is annexed to this Report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investment in Associates and with reference to Clause 32 of the Listing Agreement, your Directors present the Audited Consolidated Financial Statements in the Annual Report.

CASH FLOW ANALYSIS

The Cash Flow Statement for the year under reference in terms of Clause 32 of the Listing Agreement entered into by the Company with the Stock Exchanges is annexed hereto.

NON-CONVERTIBLE DEBENTURES

The outstanding amount of Non-Convertible Debentures as on 31st December 2012 is ₹ 162 crores comprising 1620 Non-Convertible Debentures of ₹ 10,00,000 each.

ISSUE OF SHARES – ESOP

Consequent to the issue of 8,931 equity shares of ₹ 10 each to employees upon exercise of options under Employees Stock Option and Shares Plan–2006 of the Company, during the year under review, the paid-up share capital of the Company increased from ₹ 1685.42 lacs divided into 16,854,212 equity shares of ₹ 10/- each to ₹ 1686.31 lacs divided into 16,863,143 equity shares of ₹ 10 each.

The particulars of shares allotted during the FY ended 31st December, 2012 are as follows:

| Date of Allotment | Name of the Allottee | No. of Shares | Date of Listing | |
|-------------------|-----------------------|---------------|-----------------|------------|
| | | | BSE | NSE |
| 27.02.2012 | H. Sateesh Hegde | 4028 | 27.03.2012 | 27.03.2012 |
| 07.05.2012 | Suresh Atluri | 504 | 13.07.2012 | 24.07.2012 |
| 10.08.2012 | Dr. M. Narasimham | 800 | 03.09.2012 | 31.08.2012 |
| 07.11.2012 | Dr. Surinder K. Tikoo | 1008 | 29.11.2012 | 23.11.2012 |
| | Dr. M. Narasimham | 1000 | | |
| | V. Satyadev | 908 | | |
| | V.R.Kaundinya | 683 | | |

FOREIGN CURRENCY CONVERTIBLE BONDS

In July 2011 the Company had issued USD 50,000,000 Floating Rate Guaranteed Convertible Bonds due 2016 Convertible into Ordinary Shares or Global Depository Shares representing Ordinary Shares of the Company.

The said bonds are listed at Singapore Exchange Limited. If the bondholder(s) opt for conversion, the equity capital of the Company will increase by an amount of ₹ 7,94,44,210 comprising of 79,44,421 equity shares of ₹ 10 each.

During the year under review, the Company has not received any conversion notice from the FCCB holders.

Further information, such as the total bonds issued, bonds converted, expected number of shares to be allotted in respect of outstanding FCCBs is given in detail in Corporate Governance Report.

COMMERCIAL PAPER

In January 2013, the Company has redeemed all the outstanding 300 units of Commercial Paper (CP) of face value of ₹ 5 lacs each aggregating to ₹ 15 Crores which were issued in January 2012. Consequently, there are no outstanding Commercial Paper as on date.

RIGHTS ISSUE

As the members are aware, the Company had filed Draft Letter of Offer (DLOF) for issue of equity shares on rights basis aggregating to an amount upto ₹ 200 Crores with SEBI on 30.03.2011.

We are glad to inform you that, the Company has received final observations from SEBI vide its letter No. CFD/DIL-1/SD/19128/2012 dated August 28, 2012.

Your management, in consultation with its Book Running Lead Managers, will take a decision on the future course of action.

PUBLIC DEPOSITS

The Company has neither accepted nor renewed any deposits from public within the meaning of Section 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, during the year under review.

DIRECTORS

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company Mr. Vikram R. Shroff and Mr. Vinod Sethi, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

A brief profile of the said Directors as required by Clause 49(IV)(G) of the Listing Agreement is provided in the Notice, attached hereto. The Board of Directors recommends the same for your approval in the ensuing AGM.

AMALGAMATION AND ARRANGEMENT

Your Board of Directors feel glad to inform you that the Hon'ble High Court of Andhra Pradesh, vide its order dated 09.10.2012 has sanctioned the Scheme of Amalgamation and Arrangement between your Company and its wholly owned subsidiary, Unicorn Seeds Private Limited and their respective Shareholders and Creditors.

The said Scheme, which has come into effect from 23rd November 2012, being the Effective Date has become operative from 01.04.2011, being the Appointed Date.

AUDITORS AND AUDITORS REPORT

M/s. SR Batliboi and Associates LLP, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing AGM. However, being eligible for re-appointment, they have offered themselves for reappointment. As recommended by the Audit Committee, the Board of Directors propose the appointment of M/s. S.R.Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors for the financial year 2013.

The Statutory Auditors have confirmed that their appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

Statutory Auditors of the Company, vide Para 9 of their Report on Consolidated Financial Statements, have qualified their Report about "recognition of deferred tax assets" with respect to the subsidiary companies i.e. Pacific Seeds Holdings (Thailand) Ltd., Longreach Plant Breeders Management Pty. Ltd., PT Advanta Seeds Indonesia, Advanta Comercio De Sementes LTDA., Pacific Seeds Pty Ltd., Advanta Holdings BV and Advanta Semillas SAIC, stating that there is no virtual certainty as required by Accounting Standard (AS) 22, 'Accounting for Taxes on Income' to indicate that it is probable that the said companies will have sufficient taxable profits against which such deferred tax assets can be utilized.

In this regard, your attention is requested to Note No.33 of Notes to Consolidated Accounts on recognition of deferred taxes containing management's opinion that the said unused losses can be utilized.

Auditors of the Company, vide para 10 of their Report on Consolidated Financial Statements have qualified their Report about the "recognition of MAT Credit entitlement" in respect of Advanta Semillas SAIC, Argentina, subsidiary company. Your attention is invited to Note No. 33 wherein the management explained its view that the said MAT credit can be utilized.

Auditors of the Company, vide para 11 of their Report on Consolidated Financial Statements have qualified their Report about "consolidated segment information." Your attention is invited to Note No.40 wherein the management explained its view that providing the said information would be prejudicial to the interest of the Group.

COST AUDIT

The members may note that by virtue of Order No. F.No. 52/26/CAB-2010, dated 6th November 2012, issued by the Ministry of Corporate Affairs, your Company has been generally directed to get its cost accounting records in respect of FY commencing on 1st day of January 2013, audited by a practicing Cost Accountant.

In view of the aforesaid, the Board of Directors have appointed M/s. MPR & Associates, Cost Accountants, as Cost Auditor of the Company to conduct the audit of cost records maintained by the Company for the Financial Year ending 31st December, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956:

-
- i. That in the preparation of accounts for the year ended December 31, 2012, the applicable accounting standards have been followed and that no material departures have been made from the same.
 - ii. That the Directors had selected such accounting policies and applied them consistently and made judgments 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 period.
 - iii. That proper and sufficient care has been taken for the maintenance of the 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.
 - iv. That the Directors had prepared annual accounts for the year ended 31st December, 2012 on a going concern basis.

QUALITY

Quality first! True progress lies in enhancing the quality of life of farmers and making their future better. In line with this thought, we have reinforced our focus on quality – what it means to us and how we can achieve higher quality in our processes, product development and people management.

Advanta has striven for and successfully created a participatory approach in its regional / country / location specific farming practices by partnering with farmers / local communities and leveraging on growing awareness levels of farmers on access to better inputs, infrastructure and emerging agronomic / management practices for better yields.

In Research, Marketing and Sales, we have been moving from strength to strength in line with the strategies laid out on new Product Development, Go to Market and Customer Satisfaction.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Management Discussion and Analysis is furnished as Annexure - A to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 are provided in Annexure – B which forms part of this report.

PERSONNEL

The relationship with all employees and workers at all levels of the Company remained very cordial throughout the year. Your Directors place their appreciation for the contribution made by all the employees of the Company.

PARTICULARS OF EMPLOYEES

Particulars of employees, as required under section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this report. However in pursuance of section 219(1)(b)(iv) of the Companies Act, 1956, this report is being sent to all the shareholders of the company excluding the aforesaid information and the said particulars are made available at the registered office of the Company. Any shareholder interested in obtaining copy of the same may write to the Company Secretary at the registered office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company and all the employments are contractual in nature.

EMPLOYEES STOCK OPTION PLAN (ESOP)

The Advanta India Limited Employees Stock Option and Shares Plan - 2006 (ESOPs) approved by the shareholders on 20th September, 2006 is in force. In accordance with the said Plan, the Company reserved 1,68,000 Equity Shares to be issued to its employees and to the employees of its subsidiaries on one to one basis at an exercise price of ₹ 285/- being the market price as per the valuation report from a Chartered Accountant on the date of grant. The options were granted with a vesting period spread over 4 years and 6 months. Out of the total options granted, vesting of such options is conditional upon the employee's tenor and upon the Company meeting annual performance benchmarks based on parameters set by the Remuneration Committee.

The disclosures as required under Clause 12 & 19 of SEBI (Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999 are enclosed as Annexure – C to this Report.

CORPORATE GOVERNANCE

The Company is committed to achieve the highest standards of corporate governance and it aspires to benchmark itself with best international practices in this regard.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance practices followed by the Company together with a certificate from a Company Secretary in practice confirming compliance is annexed as part of the Annual Report.

INSIDER TRADING REGULATIONS

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Company has adopted Code of Conduct for prevention of Insider Trading and the same is in force.

LISTING

The Equity Shares of your Company continue to be listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). There is no default in payment of Annual listing fees.

DEMATERIALISATION OF SHARES

It may be noted that the entire paid up equity share capital of the Company (except 2 shares) are held in dematerialized form as on 31st December 2012.

ACKNOWLEDGEMENTS

Your Directors wish to express their grateful appreciation for the valuable support and co-operation received from customers, investors, lenders, business associates, banks, financial institutions, various statutory authorities and society at large.

Your Directors also place on record their appreciation for the contribution, commitment and dedication of the employees of the Company and its subsidiaries at all levels.

For and on behalf of the Board of
Advanta India Limited

Place : Mumbai
Date : 26.04.2013

V.R. Kaundinya
Managing Director

Vikram R Shroff
Director

ANNEXURE - A

MANAGEMENT DISCUSSION AND ANALYSIS

"Sowing Quality, Nurturing Trust, Yielding Happiness"

INDUSTRY STRUCTURES AND DEVELOPMENTS

In the next fifty years the world will consume twice as much food as the world has consumed since the beginning of agriculture 10,000 years ago – **a startling statement !!** The seed industry researches and produces seed products that provide essential support to modern agriculture. Seeds are one of the most critical inputs in agricultural production. Improvements in seeds have brought about many modern agricultural productivity improvements, including increased food production to keep pace with increased global demand from population and economic growth. Since the area of land under cultivation has grown very little in recent years, the ability to increase crop yields has become increasingly important for meeting global demand for food. Thus, growth in the market for seeds, expected to be fuelled in large part by seeds that produce high yielding crops and other benefits for the agriculture industry, is expected to continue.

However, regrettably, the vast majority of global society is completely unaware of this formidable challenge of feeding the world of tomorrow and the potential contribution of technology, particularly the role of the new innovative biotechnologies, such as biotech crops, that already successfully occupy 160 million hectares or 10% of global arable land.

Agriculture is the principal source of livelihood for more than 58% of the population of this country. Agriculture provides the bulk of wage goods required by non-agriculture sectors and most of the raw materials for the industries sector. The combined efforts of Central Government, State Governments and the farming community have succeeded in achieving record production of 244.78 million tones of food grains during 2010-11. This record production has been achieved through effective transfer of latest crop production Technologies to farmers under various crop development schemes being implemented by the Department of Agriculture & Co-operation backed by remunerative prices for various crops through enhanced minimum support prices. (Source: www.croplifeindia.org).

When we compare Indian economy with the global economy, during the past 5 years the Indian Seed Industry has been growing at a CAGR of 12% compared to global growth of 6-7%. In value terms the major growth has come from the increased adoption of Bt cotton hybrids, single cross corn hybrids and hybrid vegetables. The volume growth has mainly come through increased Seed Replacement Rate in crops like Paddy and Wheat. Indian seed industry is undergoing wide ranging transformation including increased role of private seed companies, entry of MNCs, joint ventures of Indian companies with multinational seed companies and consolidations.

Indian Seed Industry is poised to grow at a CAGR of 17% for next 4 years. By 2014, India will rank at No 3 or 4 in the Global Seed Business.

Advanta had a very good year in 2012. The business in the International markets (outside India) has shown a very impressive growth of 21% in INR. There was a change in the business model in India because of which the India business is not fully captured in the financial numbers of Advanta. UPL now produces and markets the seed products of Advanta in India and this new arrangement came into effect from April 2012.

Canola was the most successful crop for us in 2012. Our products and the TT technology have done very well in Australia because of which they have almost doubled their canola business during this year. Corn has shown an impressive growth in spite of seed shortages due to production failure in Thailand. Sweet Corn business also performed very well during this year.

We had excellent growth in revenues and profits in Australia, USA and the International markets.

We launched GM corn for the first time in Brazil and Philippines. We also produced sunflower seed in Europe for the first time. Nutrisun has seen its first big order. Longreach varieties have performed exceedingly well in farmers fields and increased their market share.

The seed industry in India has seen an excellent growth in the cotton market, primarily driven by the penetration of Bt cotton in the country. Hybrid rice market also has seen some movement driving on the back of subsidy programs of the Government under the National Food Security Mission. Corn market is growing steadily. The demand for good forages is growing and this market is getting better attention with the Government also announcing forage development program.

The development of GM traits in the country has seen a set back because of the moratorium imposed on Bt brinjal by the Minister of Environment in 2010. The subsequent restrictions put on the open field testing of GM traits in the country has delayed the development process considerably. This is likely to delay the introduction of more GM traits in the country.

Cost of Seed production continues to rise because of the increasing demand on the growers and the increasing commodity prices. Advanta India endeavours to breed improved hybrid varieties of field (rice, cotton, mustard, forage & grain sorghums, corn, sunflower and pearl millet) and vegetable (okra, hot pepper, brinjal, gourds) crops to increase the productivity and profitability of Indian farmers.

Investment in Agriculture R & D is the most effective way of ensuing food security and economic growth. The pressing need is for quality seed of varieties and hybrids that are not only high yielding but resilient to less input-water, fertilizers etc. Thus food security is interwoven with the seed security. Advanta's R & D targeted its research for developing hybrids that excel in the market with quality assurance.

Your company with vast experience in seed production of major agricultural crops backed by a very strong in-house R & D program for crops sorghum, sunflower, rice and several vegetable crops nurtured a competitive edge in seed and agribusiness.

OPPORTUNITIES AND OUTLOOK

The contribution of Agriculture and Allied Sector in the Gross Domestic Product (GDP) of the country has been steadily declining over the years and has reached about 14 percent in 2011-12. However, it still remains principal source of livelihood for more than 50 percent of the nation's population. India Possesses only 11 percent of world's arable land but it has to feed about 18 percent of world population. To provide food and livelihood security, the Government has been making all out efforts through various Schemes to improve the productivity of land and enhance farm incomes.

The focus of the Second Green Revolution or the so called "**Evergreen Revolution**" is on ensuring food and nutritional security to the Indian populace especially below poverty line population which constitutes around 28% of the Indian population. With practically no more land to farm and some depletion of the agricultural land, this miracle is not easy to achieve. Science and technology have to play a big role. High productive seeds, private sector involvement and expenditure on long stalled irrigation schemes are the keys to achieving higher production. Hence a Second Green Revolution that maximizes productivity and generates income and employment opportunities for the rural population is need of hour. As the most critical of all farm inputs in agricultural production, SEED holds the key for increased productivity. Coupled with biotechnology and other crop improvement technologies, seeds offer tremendous opportunity for improving the productivity of Indian Agriculture.

Recently Seed Industry has become very attractive for the investors. Indian investors are eagerly looking for many IPOs from Seed Industry. As the Govt. allows FDI in selected agri-sectors including seed production, private equity Firms such as Blackstone and Summit partners have taken stakes in Nuziveedu and Krishidhan Seeds respectively. The capital infusion will facilitate infrastructure development that is required for faster growth of Indian Seed Industry.

These above drivers will have to be simultaneously activated to achieve the set goal. The prospects of growth are in the safe hands of young entrepreneurs / professional who are now managing the Indian Seed Industry. Their enthusiasm is evident by the numbers of their active participation in the National and International events like APSA Congress, ISF, and ISC etc.

Agriculture continues to be the single most important source of livelihood for the masses in India ensuring food security for a population of more than 1.21 bn. The declining arable land, fragmentation of land holdings, low productivity vs. global peers and differential yields across states further compounds problems, making it imperative to use crop protection products, high yielding variety of seeds and balanced use of fertilizers to improve yields. These measures need to be coupled with education of farmers on the use of modern farming techniques.

Indian Agriculture presents an important opportunity for companies such as ours, that are focused on the long term value creation. Agricultural development through the seed sector could make India a prospective Agricultural commodity powerhouse of the world. An effective Indian seed industry with the capacity for a continuous supply of improved high quality seed varieties at competitive prices would serve as a catalyst to increase food, feed and fibre production and for sustained agricultural and socio-economic development of the country.

Use of biotechnology in agriculture is going up rapidly and is creating additional value for the farmers and the seed industry. This is another area of opportunity which Advanta is trying to tap into. The company has now got global exclusive licenses for some important GM traits like drought tolerance, salt tolerance and Nitrogen Use Efficiency for application in different crops

OUTLOOK

Growing more food per hectare takes the pressure off need to convert natural habitats into more farmland – helping protect our planets and India's forests and biodiversity. If higher yielding biotech crops had not been available from 1996 to 2010, an additional 91 million hectares of farmland would have been needed to maintain global production levels. Modern Agricultural Technology, including biotech crops, helps reduce agriculture's impact on biodiversity through enhanced adoption of conservation tillage practices, and increasing yields to alleviate pressure to convert additional land into agricultural use.

As food security and sustainable agriculture have become key concerns globally, we have seen more governments and world leaders increasingly support research, development and production of biotech crops, governments in countries such as Nigeria, Thailand and Indonesia are publicly stating their support for plant biotechnology. Pioneers such as Bill Gates have recently noted the key role of plant genetics in accelerating food security, declaring in his 2012 annual letter that, "It is hard to overstate how valuable it is to have all the incredible tools that are used for human disease to study plants." (Source: www.thegatesnotes.com)

The Company remains focused on its key objectives of profitable and sustainable growth, maximizing operational efficiencies and striving to attain the highest standards of quality, safety and productivity through - continuous breeding research efforts, new product offerings, aggressive sales and marketing strategies, a strong brand, far-reaching distribution infrastructure and investments in people development, the Company is hopeful of maintaining its performance going forward. Efforts at offering better technologies, that provide better value to the farmer, while mitigating external risks, have been generally well received both by the Government and the farmer. Continued success in these efforts is critical to maintain these growth prospects.

With increasing demand for food the pressure on agriculture will continue into 2013. The year 2013 promises to be a good year for agriculture. The commodity prices, particularly in corn, sorghum and oilseeds, remain high thereby making it attractive for the farmer to go for high quality agricultural inputs.

The stock levels of commodities like corn and sunflower are low and hence the planting of these two crops should be normal in 2013.

The acreage under GM crops, particularly Corn, is rising. This trend is expected to continue in 2013 in view of the enormous benefits the farmers have received from cultivating GM crops around the world.

Weather patterns continue to keep changing and this is an area that continues to be of concern in both seed production and seed market. With increasing commodity prices and vagaries of weather the cost of producing seed is likely to keep increasing.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Business Segment:

The Company has considered hybrid seed business segment as the primary segment for disclosure. The Company is engaged in research, development, production and distribution of Hybrid seeds, which in the context of Accounting Standard 17, India is considered the only Business Segment.

Geographical Segment:

Our sales are predominantly generated from international markets contributing about 85% of total sales and about 15% of the sales are generated from domestic markets. Secondary segmental information is based on the geographical location of the customers. The geographical segment information has been disclosed based on revenues within India (sales to customers in India) and revenues outside India (sales to customers located outside India). The relevant information has been given under Note 32.

RISKS, CONCERNS AND THREATS

Key Risk Factors:

- Increased competition may result in decreased demand or lower prices for the products. Failure to effectively compete could adversely affect the Company's business, prospects, results of operations and financial condition.
- The Company's business is subject to risks related to weather, disease and pests.
- The Company's business, prospects, results of operations and financial condition may be materially and adversely affected by the seasonality and cyclical nature of its business.
- Any failure to make accurate forecasts and manage the inventory could result in unexpected shortfalls in, or a surplus of, seeds.
- The Company is heavily dependent on the success of its research and development to develop new and improved products.
- Regulatory framework governing the Indian seeds industry – the Indian seed industry is highly regulated presently regulated inter alia by the Seeds Act, 1966; the Seeds Rules, 1968, the Seeds (Control) Order, 1983; and the National Seeds Policy, 2002.
- Inability to obtain various statutory and/or regulatory approvals, licenses, permits, certifications and registrations in a timely manner or at all could adversely affect the business, prospects, results of operations and financial condition.
- Our company's contingent liabilities could materially and adversely affect our financial condition.
- Non-availability of adequate irrigation facilities in most parts of the country restricts the acreage and possibility of 2nd crop in the year.
- Macro economic factors like subdued demand, farm credit, political uncertainty and social upheavals and acts of God may also affect the business of our Company and the Industry at large.
- The Company's business, prospects, results of operations and financial condition are dependent upon the availability of transportation and other logistical facilities in a timely manner.
- The Company's success depends to a large extent on its ability to attract and retain key personnel.
- A decline in prices of the Issuer's products may materially reduce profit margins.
- Major fluctuations in total rainfall and its distribution affect the crop acreages, pest incidence and overall productivity and have a direct correlation with sales.

-
- Exchange rate fluctuations between Dollar and Rupee could also impact revenues as well as costs in the foreseeable future. The rising crude prices could have an impact on the costs and prices of various products.
 - Apart from the quantum, timing and even distribution of rainfall are critical for the domestic business. Farmers' willingness and ability to spend will be an important driver to demand generation. Strong support prices and better availability of credit will ease the pressure on the farming community.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Advanta has a robust internal audit and control system which is a process overseen by the Board of Directors, Management and other personnel, and provides reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Company's internal Audit function is staffed with qualified and experienced people. It appraises, periodically, its activities and audit findings to the audit committee, statutory auditors and the management. The observations and suggestions of the internal audit are reviewed by the Audit Committee periodically. Adequate follow up measures are taken to overcome the pointed weaknesses, if any. The standard operating Procedures (SOPs) put in place by the company is in line with the best global practices, and has been laid down across the process flows along with authority controls for each activity.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company has recorded a consolidated total income of ₹ 107,299.46 Lacs as against ₹ 95,214.92 Lacs for the previous year, which is 13% higher than that of the previous year.

The consolidated profit after tax stood at ₹ 5936.27 Lacs as against profit after tax of ₹ 1,229.05 Lacs for the previous year.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company believes that the quality of the employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunities to equip them with skill, enabling them to adopt the contemporary technological advancements.

An atmosphere of cordial relations with the employees has prevailed in the organization all over the world.

During the year, the Company has organized training programmes for all categories of employees in different areas such as technical/skill development, behavioral, Business excellence, General Management Leadership skills, customer orientation, safety, company values and code of conduct and product training.

As on 31st December 2012, the employee strength was 630.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results could differ substantially or materially from those expressed or implied. Important factors that could effect the company's operations include a downward trend in the Domestic Industry, Monsoon, rise in input cost, exchange rate fluctuations and significant change in Political & Economic environment in India, environment standards, litigations, changes in the Government regulations, tax laws, statutes and other incidental factors.

ANNEXURE - B

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the period ended 31st December, 2012:

A. CONSERVATION OF ENERGY

1. Energy conservation measures taken:

The Company is not a typical manufacturing unit and hence does not consume substantial energy as such. However, keeping in view the peculiar characteristics of the manufacturing processes involved in the seed industry, the process of drying of seeds involves fair amount of energy consumption. Hence the Company continues to take all possible steps to conserve energy. These include efficient electric fittings and equipment that consumes less energy than conventional ones.

Further, in our constant endeavor to save energy in our plant operations wherever possible we have been consistently adopting energy saving technologies and equipments in our operations. It has also been our drive to be less dependent on natural depletable energy resources like LPG to renewable and waste biomass resources.

In this endeavor the following have been successfully implanted in our plant operations leading to a considerable saving in energy consumption and cost saving.

- (i) Drying and Shelling operation: During the year under review the wet cob volumes had increased almost 2.5 folds and the drying load increased by almost 3 folds as compared to last year due to seasonal aberrations. This operation involves drying of seed either by LPG or through boiler system. The Company successfully concluded the operations by adopting drying of wet cobs through boiler system which consumes waste biomass like biogases and shanks to produce hot air to dry the wet cobs. This year, the Company dried 70% of wet cobs with this technology compared to 25% last year. Appended below is the cost saving and saving in LPG gas achieved through this initiative.

| | |
|-------------------------------------|---------|
| Total Wet Cob Shelled | 9000 MT |
| Raw Seed Generated | 4600 MT |
| Gas required to dry one ton of seed | 70 kgs |
| Gas required to dry 4600 MT of seed | 325 MT |

Since 70% volume of wet cob was dried through boiler system technology there was a saving of around 225MT of LPG gas which was indeed conserved.

- (ii) The Company has successfully installed Turbo Ventilators in its warehouse which primarily runs on wind energy and is non electrical.
- (iii) At the Kalakkal plant, the Company uses diesel based dryer to dry vegetable seeds and every year approximately 1000MT of seed is dried using these dryers. This year, almost 60% of the total volume was dried by sun drying thus saving on diesel.

Below appended table shows the saving in drying cost and saving in diesel fuel.

| | |
|----------------------------------|-------------|
| Total Volume of seed to be dried | 1000MT |
| Tons per cycle | 1MT |
| No of Cycles | 1000 Nos |
| No of hours per cycle | 3 hours |
| Total no of cycles | 330 cycles |
| Total no hours run | 990 |
| Diesel consumption per hour | 2.5 litres |
| Total diesel consumption | 2250 litres |

Thus resulting in a saving of 1200 litres of diesel, since 60% of total volume of 1000MT was dried through sun drying.

2. Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:

Identification of new energy saving means and measures are carried out on an ongoing basis.

3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods:

As mentioned above.

4. Total Energy consumption and energy consumption per unit of production:

Not Applicable

B. TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R & D)

1. Specified areas in which R & D carried out by the Company:

- a) Identification and development of superior, high yielding pest and disease resistant proprietary hybrids. Utilisation of the Molecular Breeding Technology to increase the speed and precision in the Breeding Programs.
- b) Development, testing and specification setting of packaging materials.

2. Benefits derived as a result of the above R & D:

- a) Cost reduction, import substitution and strategic resource management.
- b) Quality evaluation of seeds.
- c) Higher productivity and economic returns to the farming community consequent to development of high yielding Hybrids.
- d) Entering new market segments.
- e) Increased speed of introduction of new products.

3. Future Plan of Action:

To continue and extend research in the above areas.

4. Expenditure on R & D*:

₹ in Lacs

| Description | Standalone | | Consolidated | |
|------------------------------------|---------------|---------------|-----------------|-----------------|
| | FY 2012 | FY 2011 | FY 2012 | FY 2011 |
| A. Capital Expenditure | 123.44 | 105.78 | 347.22 | 184.46 |
| B. Revenue Expenditure-Gross | 1,445.40 | 886.60 | 10,080.94 | 7,035.90 |
| Less: Revenue expenses recharged | 1,305.38 | 212.96 | 1,115.00 | Nil |
| Sub-total | 140.02 | 673.64 | 8,965.94 | 7,035.90 |
| Total (A+B) | 263.46 | 779.42 | 9,313.16 | 7,220.36 |
| R&D Expenditure as a% of Net Sales | 3.13 | 5.94 | 9.06 | 7.61 |

*The expenditure given above does not include the amount spent on Sunsat project.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology Absorption, adaptation and innovation:

Utilizing plant breeding and biotechnological tools for the development of high yielding proprietary hybrids suitable for Indian agro climatic environment.

2. Benefits derived as a result of the above efforts:

Product improvement and development leading to cost reduction by introduction of high yielding superior quality disease and pest resistant hybrids for the benefit of the Indian farmer.

3. Information regarding Imported Technology:

| | | |
|---------------------------------------|---|---|
| a. Technology imported | : | Plant breeding and biotechnology know-how relating to seeds. |
| b. Year of Import | : | Technology up gradation takes place on a continuous basis during the year |
| c. Has Technology been fully absorbed | : | Yes |
| d. Future plans of action | : | To continue ongoing research |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

| | | |
|---------------------------------------|---|---|
| 1. (a) Activities relating to exports | : | Export of various Hybrid Seeds in field crops and vegetable crops |
| (b) Initiatives taken to increase | : | Started producing seeds for our other subsidiaries and for export markets taking the advantage of the low cost of production in India. |
| (c) Export plans | : | Company is having ambitious export plan of hybrid seeds in the year 2013 by exploring the possibilities of taking production of hybrid seeds in India on behalf of overseas Buyers. |

| 2. Foreign Exchange used (on stand-alone basis) | | Current year (₹ in Lacs) | Previous year (₹ in Lacs) |
|--|---|-----------------------------|------------------------------|
| Consumables | : | - | - |
| Capital Expenditure | : | 34.54 | - |
| Import of Seeds | : | 633.21 | 407.98 |
| Travel | : | 62.68 | 26.27 |
| Legal and Professional Charges | : | 89.63 | 58.06 |
| Other Expenses | : | 102.61 | 61.57 |
| Interest | : | 1,263.89 | 553.31 |
| Reimbursement of expenses | : | 30.39 | 68.20 |
| Total | | 2,216.95 | 1,175.39 |
| Foreign Exchange Earned (on stand-alone basis) | | | |
| FOB Value of Exports | : | 1,830.54 | 548.32 |
| Interest Income | : | 2,420.25 | 2,897.13 |
| Reimbursement of Expenses | : | 1,511.64 | 1,201.22 |
| Others | : | - | 104.47 |
| Total | | 5,762.43 | 4,751.14 |

For Advanta India Limited

Place : Mumbai
Date : 26.04.2013

V.R. Kaundinya
Managing Director

Vikram R Shroff
Director

ANNEXURE - C

Disclosure pursuant to Clause 12 & 19 of SEBI (Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999

| Particulars | | |
|--|---|-----------------------|
| Granted during the year | | 64,005 |
| Pricing Formula | | Black Scholes Formula |
| Vested during the year | | 2,672 |
| Exercised during the year | | 8,931 |
| Forfeited during the year | | Nil |
| Lapsed during the year | | Nil |
| Outstanding unvested at the end of the year | | 66,779 |
| Exercisable vested options at the end of the year | | 45,234 |
| Total number of options in force | | 1,12,013 |
| Total No of Shares arising as a result of exercise of option (cumulative) | | 28,643 |
| Variation of Terms of options | | Nil |
| Money Realised by Exercise of options during the year | | ₹ 25,45,335 |
| Employee wise details of options granted during the year to: | | |
| (a) Senior managerial personnel- | | |
| Ben Adams | — | 3300 |
| Nick Gardner | — | 3300 |
| Andres Zambelli | — | 3300 |
| Philippe Jouve | — | 3300 |
| Aruna Rupakula | — | 3300 |
| Venkatesh Ameya Nayak Salatry | — | 3300 |
| Anuj Kasliwal | — | 3300 |
| Krishna Prasad | — | 3300 |
| Soumen Sarkar | — | 3300 |
| Venkatram Vasantavada | — | 3300 |
| K Virupakshappa | — | 3300 |
| Brannon Byers | — | 3300 |
| Joe Raab | — | 3300 |
| Philippe Gall | — | 1286 |
| Surinder K Tikoo | — | 1286 |
| Steve Ligon | — | 272 |
| Barry Croker | — | 4031 |
| Alberto Leon Javier | — | 2200 |
| Jorge Moutous Eduardo | — | 2200 |
| Pacholk Pongpanich | — | 2200 |
| Manoj Gupta | — | 2200 |
| P M Nanjappa | — | 2200 |
| V R Kaundinya | — | 3230 |
| | | 64,005 |
| (b) Any other employee who received a grant in any one year, of options amounting to 5% or more of options granted during the year | | Nil |
| (c) Identified employees who were granted options, during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of the grant. | | Nil |

| Particulars | |
|--|---|
| Diluted Earnings Per Share (EPS) pursuant to issue of Shares on exercise of options calculated in accordance with Accounting Standard 20. | ₹ 1.73 |
| The Difference between the employee compensation cost using the intrinsic value of the stock options, and the employee compensation cost that shall have been recognized if it had used the fair value of the options. | ₹ 15.44 Lacs |
| The impact of this difference on profit | Profit reduced by ₹ 15.44 Lacs |
| Basic EPS of the Company. | ₹ 1.74 |
| - Weighted average exercise price of options where exercise price is less than market price | ₹ 285/- |
| - Weighted average exercise price of options where exercise price is equal to or exceeds market price | - |
| - Weighted average fair value of options where exercise price is less than market price | |
| - Weighted average fair value of options where exercise price is equal to or exceeds market price | ₹ 343.75/- |
| | - |
| Description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information: | |
| a) Risk free interest rate | 8.04% per annum |
| b) Expected life | Vesting period + 18 months |
| c) Expected volatility | 64.49% |
| d) Expected dividends | 0.30% per annum |
| e) The price of the underlying share in market at the time of option grant. | ₹ 322.60 (closing price at BSE on the date of grant) |

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy

Corporate Governance is based on the Principles of equity, fairness, integrity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. As stakeholders across the globe evince keen interest in the practices and performance of Companies, Corporate Governance has emerged on the centre stage.

Advanta is committed to the highest standards of corporate governance and seeks to follow the business principles and ethics in all its activities and processes.

Advanta believes that as we move closer towards our aspirations of becoming a global leader in seed business, our Corporate Governance Standards must be globally acclaimed and recognized.

The basic Philosophy of Corporate Governance of the Company is to achieve business excellence and enhance the shareholder value, keeping in view the interests of all stakeholders. The Company has been regularly implementing the best practices of Corporate Governance in order to attain transparency, accountability and integrity.

The Company believes that strong Corporate Governance is not just merely to meet the statutory requirements, but also to go beyond that by putting in place the procedures and systems, which are in accordance with the best practices of Corporate Governance.

The Company's products are marketed not only in India but all across the globe. The Company is therefore conscious of the fact that to achieve success, high level of ethical values is to be maintained by the Management Team and all other employees.

The Board plays a critical role in overseeing how the management serves the interests of the various stakeholders, both in the short and long term. This is reflected in our governance practices, under which we strive to maintain an active, informed and Independent Board.

The Board Committees play a crucial role in the governance structure of the Company and have been assigned specific areas/activities which need closer view. They are set up under the formal approval of the Board, to carry out their clearly defined roles. The Board delegates them the necessary powers and supervises their working.

The Executive Directors contribute to the strategic management of the Company's business within Board approved directions and framework. Since Directors are accountable to the Board for business / corporate functions, they assume overall responsibility for Company's performance, including governance processes and internal operations. The superior quality of the Executive team is evidenced by their high level understanding and knowledge of the business, consistently delivering results inspite of various challenges, attention to corporate culture and alignment with the long term objectives of the business.

Independent Directors play a critical role in imparting balance to the Board processes by bringing independent opinions and a fresh point of view on strategic and tactical issues and comparative performance / standing of the Company vis-à-vis the others. The system supports them by disseminating high quality information, high levels of engagement, well structured agendas and a professional and well resourced secretarial team.

2. Board of Directors

a. Size and composition of the Board

Our policy towards the composition of the Board is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and to separate its functions of governance and management. Currently, the Board consists of 6 members, one of whom is executive or whole-time director, two are non-executive and three are independent directors.

The Board believes that the current size is appropriate, based on the contemporary circumstances and requirements. The Board periodically evaluates the need for change in its composition and size.

Composition and Category of Directors:

| Name of the Director | Category | Designation | No. of shares held in the Company (%) as on 31.12.2012 |
|----------------------|-----------------------------------|-------------------|--|
| Mr. Jaidev R. Shroff | Promoter & Non Executive Director | Chairman | 1015350 (6.02) |
| Mr. V. R. Kaundinya | Executive Director | Managing Director | 9593 (0.06) |
| Mr. Vikram R. Shroff | Promoter & Non Executive Director | Director | 846650 (5.02) |
| Mr. Vinod Sethi | Independent Director | Director | Nil |
| Dr. Vasant P. Gandhi | Independent Director | Director | Nil |
| Mr. Hardeep Singh | Independent Director | Director | 6400 (0.04) |

b. Meetings of the Board

- The Board meets atleast once in a quarter to review the quarterly results and to transact the other items on agenda. Additional meetings are held as and when necessary.
- The Company Secretary prepares the agenda for each meeting, along with explanatory notes, in consultation with the Managing Director and CFO and circulates the same in advance to the Directors.
- Every Board member is free to suggest additional items for inclusion in the agenda. Presentations are made on business operations to the Board by the CEO / CFO / other Functional Heads.
- The Minutes of the proceedings of the Meetings are noted and the draft Minutes are circulated amongst the members of the Board for their perusal and feedback. Comments, if any, received from the Directors are recorded in the Minutes, in consultation with the Chairman of the Meeting. The Minutes are confirmed by the Board members at the next Meeting.
- Senior management personnel are invited to provide additional inputs for the items being discussed by the Board as and when necessary.

The Board met four times during the financial year ended December 31, 2012 i.e. on 27th February 2012, 7th May 2012, 10th August 2012 and 7th November 2012. The maximum time gap between any two Board Meetings did not exceed four months. The necessary quorum was present in all the meetings.

c. Attendance at the Board meetings / AGM and number of directorships / committee membership held by the Directors during the FY ended December 31, 2012

| Name of the Director | No. of meetings during the year | | No. of memberships in other companies | | | Attendance at previous AGM |
|----------------------|---------------------------------|----------|---------------------------------------|------------------------------------|----------------------------|----------------------------|
| | Held | Attended | Board | Committee (including Chairmanship) | Chairmanship of Committees | |
| Mr. Jaidev R. Shroff | 4 | 3 | 7 | Nil | Nil | Present |
| Mr. V. R. Kaundinya | 4 | 4 | 2 | 2 | Nil | Present |
| Mr. Vikram R. Shroff | 4 | 2 | 8 | Nil | Nil | Present |
| Mr. Vinod Sethi | 4 | 4 | 9 | 16 | 4 | Present |
| Dr. Vasant P. Gandhi | 4 | 2 | 1 | 5 | Nil | Present |
| Mr. Hardeep Singh | 4 | 4 | 2 | Nil | Nil | Present |

- The Directorships held by Directors in other Companies, as mentioned above; do not include Directorship(s) in Foreign Companies, Companies Registered under Section 25 of the Companies Act, 1956 and Private Limited Companies.
- None of the Directors of the Company holds office as Director, at the same time in more than (15) companies. No Director of the Company is a member in more than ten (10) Committees or is a Chairman of more than five (5) Committees across all companies in which he is a Director.
- For the purpose of reckoning number of Committees in which a Director is a Member / Chairman, the memberships / Chairmanships in Audit Committee and Shareholders Grievance Committee alone are considered.
- None of the Independent Directors has any pecuniary relationship or transaction with the Company except that the sitting fee paid for each meeting of the Board of Directors attended by them.
- None of the Directors has any relationship with other directors of the Company except Mr. Jaidev R. Shroff and Mr. Vikram R. Shroff who are related to each other as brothers.

The Directors of the Company also hold positions as Directors, Chairperson/Members of mandatory Committees in other Companies as per the details given below:

i. Mr. JAIDEV R. SHROFF

| Sr. No. | Name of the Company | Nature of Interest |
|---------|--|--------------------|
| 1 | Demuric Holdings Private Limited | Director |
| 2 | Shroff Envirotral Private Limited | Director |
| 3 | Isar Builders & Developers Private Limited | Director |
| 4 | Asia Society India Centre Private Limited | Director |
| 5 | Force Aviation Private Limited | Director |
| 6 | JRF Research Private Limited | Director |
| 7 | Nivi Trading Limited | Director |
| 8 | United Phosphorus Limited | Director |
| 9 | Ventura Guaranty Limited | Director |
| 10 | Uniphos Enterprises Limited | Director |
| 11 | Tatva Global Environment Limited | Director |
| 12 | Tatva Global Environment (Deonar) Limited | Director |
| 13 | Pradeep Metals Limited | Director |

ii. Mr. V. R. KAUNDINYA

| Sr. No. | Name of the Company | Nature of Interest |
|---------|-----------------------|--------------------------------------|
| 1 | Warrantify Oy | Director |
| 2 | Advanta Seeds Limited | Director |
| 3 | Axis Bank Limited | Director Member – Audit Committee |

iii. **Mr. VIKRAM R. SHROFF**

| Sr. No. | Name of the Company | Nature of Interest |
|---------|--|---------------------|
| 1 | Shroff Envirotral Private Limited | Director |
| 2 | Isar builders and Developers Private Limited | Director |
| 3 | Force Aviation Private Limited | Director |
| 4 | Uniphos Envirotronic Private Limited | Director |
| 5 | Demuric Holdings Private Limited | Director |
| 6 | JRF Research Private Limited | Director |
| 7 | Agri Net Solutions Limited | Director |
| 8 | United Phosphorus Limited | Whole-time Director |
| 9 | Advanta Seeds limited | Director |
| 10 | Shroff United Chemicals Limited | Additional Director |
| 11 | Swal Corporation Limited | Additional Director |
| 12 | Agraja Properties Limited | Director |
| 13 | Mrugal Properties Limited | Director |
| 14 | Tatva Global Environment (Deonar) Limited | Director |

iv. **Mr. VINOD SETHI**

| Sr. No. | Name of the Company | Nature of Interest |
|---------|---|---|
| 1 | Sethi Funds Management Private Limited | Director |
| 2 | Durgamba Investment Private Limited | Director |
| 3 | Amethyst Café Private Limited | Director |
| 4 | Geodesic Limited | Director Chairman – Audit Committee |
| 5 | United Phosphorus Limited | Director |
| 6 | ITZ Cash Card Limited | Director |
| 7 | G.G. Dandekar Machine Works Limited | Director Member – Audit Committee |
| 8 | Axsys Health Tech Limited | Director Member – Audit Committee |
| 9 | KCP Sugars Agricultural Research Farms Limited | Director Member – Audit Committee |
| 10 | K.C.P. Sugar and Industries Corporation Limited | Whole-time Director Member - Audit Committee |
| 11 | ISMT Limited | Director Chairman – Audit Committee Member – Investor's Grievance Committee |
| 12 | IG3 Infra Limited | Director |

v. **Dr. VASANT P. GANDHI**

| Sr. No. | Name of the Company | Nature of Interest |
|---------|---|--------------------------------------|
| 1 | Gujarat State Fertilizers and Chemicals Limited | Director Member – Audit Committee |

vi. **Mr. HARDEEP SINGH**

| Sr. No. | Name of the Company | Nature of Interest |
|---------|---------------------------------------|--------------------|
| 1 | Agresource Management Private Limited | Director |
| 2 | Brattle Foods Private Limited | Director |
| 3 | Swaraj Automotives Limited | Director |
| 4 | Escorts Limited | Director |

d. **Board Agenda**

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

e. **Availability of information to Board members**

The Board of Directors of the Company is apprised of all the relevant information and developments pertaining to the Company's business and this facilitates them to take timely corporate decisions.

The Board of Directors has complete access to all the information that is within the Company. At the meetings of the Board, the senior executives and if required, even functional managers, who can provide in-depth insight into the agenda items, are being invited.

Apart from the matters that require mandatory Board approval, following matters are also put up for information to the Board, as and when the occasion arises.

- Annual operating plans and budgets, capital budgets and updates
- Quarterly results (standalone and consolidated)
- Minutes of meetings of audit, remuneration, risk management and shareholders' / investors' grievance committee as well as abstract of circular resolutions passed
- Information about foreign currency risks and the risks pertaining to derivatives and swap transactions.
- The Board minutes of the Indian subsidiary companies.
- Dividend data
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of the CFO and Company Secretary.
- Materially important litigations, show cause, demand, prosecution and penalty notices
- Fatal or serious accidents, dangerous occurrences and issues related to material effluent or pollution
- Any material defaults in financial obligations to and by the Company or substantial non-payment for goods sold
- Any issue that involves possible public or product liability claims of a substantial nature
- Details of joint ventures, acquisitions of companies or collaboration agreements
- Transactions that involve substantial payments toward goodwill, brand equity and intellectual property
- Significant labour problems and their proposed solutions, any significant development in human resources / or Industrial relations front
- Sale of material nature of investments in subsidiaries and assets which are not in the normal course of business

-
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risk of adverse exchange rate movement, if material
 - Non-compliance of any regulatory, statutory or listing requirements, as well as shareholder services such as non-payment of dividend and delays in share transfer etc.

A Report on compliance with all the laws applicable to the Company is being put up before the Board in its every meeting.

f. Post-meeting follow-up system

The Governance processes in the Company include an effective post-meeting follow-up, review and reporting process for action taken / pending on decisions of the Board and the Board Committees.

g. Code of conduct

As per the requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company has laid down a code of conduct for all its Board Members, Senior Management Personnel and Designated Employees of the Company. The confirmation to the adherence of the Code of Conduct for the Financial Year 2012 in the form of declaration is received from all the Directors, Members in the Senior Management and Designated Employees of the Company, to whom such code is applicable.

The Board of Directors has noted the adherence to the Code of Conduct and the declaration to this effect signed by Mr. V.R.Kaundinya, Managing Director, is attached to this report. The Code of Conduct of the Company is available on the Company's website viz www.advantaindia.com.

h. Subsidiary Companies

As per the requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company monitors the performance of its Indian subsidiary companies, inter alia, by the following means:

- i. The financial statements, in particular the investments made by subsidiary companies, are reviewed by the Audit Committee of the Company periodically.
- ii. The minutes of the Board meetings of the subsidiary companies are noted at the Board meetings of the Company.
- iii. The details of significant transactions and arrangements entered into by the subsidiary companies are placed periodically before the Board of the Company.

i. Committees of the Board

The Board has constituted the following Committees:

1. Audit Committee
2. Remuneration Committee
3. Shareholders'/Investors' Grievance Committee
4. Risk Management Committee

The terms of reference of the Committees are reviewed and modified by the Board from time to time. Meetings of each Committee are convened by the respective Committee Chairman. The Company Secretary prepares the agenda and explanatory notes, in consultation with the Chairman of respective Committees and Chief Financial Officer and circulates the same in advance to all the members. Every member is free to suggest inclusion of item(s) on the agenda. Minutes of the Committee meetings are approved by the respective Committee and thereafter placed for noting and confirmation by the Board. Matters requiring the Board's attention /approval are generally placed in the form of notes to the Board from the respective Committee Chairman. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below.

3. AUDIT COMMITTEE:

a. Constitution of Audit Committee

- i. The Audit Committee comprises three Independent directors and one Non-executive promoter director.
 - Mr. Vinod Sethi – Chairman
 - Mr. Vikram R Shroff – Member
 - Dr. Vasant P. Gandhi – Member
 - Mr. Hardeep Singh – Member

There was no change in the composition of the said Committee during the year under review.

- ii. Mr. Vinod Sethi, Chairman of the Committee attended the previous Annual General Meeting of the Company held on June 20, 2012. The composition of the Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Company Secretary is the Secretary of the Committee.

b. Meetings and attendance during the year

During the financial year ended December 31, 2012, four audit committee meetings were respectively held on February 27, 2012; May 7, 2012; August 10, 2012 and November 7, 2012. The attendance of each member of the Committee is given below:

| Name of the Member | Category | No. of meetings | |
|----------------------|---------------------------------|-----------------|----------|
| | | held | attended |
| Mr. Vinod Sethi | Independent Director | 4 | 4 |
| Mr. Vikram R. Shroff | Non-executive Promoter Director | 4 | 2 |
| Dr. Vasant P. Gandhi | Independent Director | 4 | 2 |
| Mr. Hardeep Singh | Independent Director | 4 | 4 |

The meetings of the Audit Committee were generally attended by the Head of Finance and Statutory Auditors as invitees.

c. Terms of reference

The terms of reference of our Audit Committee are as per the revised guidelines set out in the listing Agreement entered into with Stock Exchanges read with Section 292A of the Companies Act, 1956 and includes such other functions as may be assigned to it by the Board from time to time.

-
- a) Powers of the Audit Committee include:
- To investigate any activity within its terms of reference.
 - To seek information from any employee.
 - To obtain outside legal or other professional advice.
 - To secure attendance of outsiders with relevant expertise, if it considers necessary.
- b) Role of the Audit Committee includes:
- 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.
 - Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
 - Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 - Reviewing, with the management, the financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 217 (2AA) of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Review of draft Auditors Report, in particular qualifications / remarks / observations made by the Auditors on the financial statements
 - Management Discussion and Analysis of financial conditions and results of operations
 - Reviewing, with the management, the quarterly financial statements before submission to the board for approval
 - Review of the financial statements of subsidiary Companies
 - 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
 - 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 utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter
 - Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems

- Reviewing the adequacy of internal audit function, if any, 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
- Discussion with internal auditors of any significant findings and follow up there on.
- Reviewing the Risk Management policies, practices and 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
- 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.
- Approval of appointment / reappointment / remuneration of CFO (or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate
- Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee

The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

4. REMUNERATION COMMITTEE

a. Constitution of Remuneration Committee

During the year and also as on date, our Remuneration Committee comprises 5 Non-Executive Directors, out of which 3 Directors are Independent:

- Mr. Hardeep Singh – Chairman
- Mr. Jaidev R. Shroff – Member
- Mr. Vikram R. Shroff – Member
- Mr. Vinod Sethi – Member
- Dr. Vasant P. Gandhi – Member

The Company Secretary is the Secretary of the Committee.

b. Meetings and attendance during the year

During the financial year ended December 31, 2012 four remuneration committee meetings were held respectively on February 27, 2012; May 7, 2012; August 10, 2012 and November 7, 2012. The attendance of each member of the Committee is given below:

| Name of the Member | Category | No. of meetings | |
|----------------------|---------------------------------|-----------------|----------|
| | | held | attended |
| Mr. Hardeep Singh | Independent Director | 4 | 4 |
| Mr. Jaidev R. Shroff | Non-executive Promoter Director | 4 | 3 |
| Mr. Vikram R. Shroff | Non-executive Promoter Director | 4 | 2 |
| Mr. Vinod Sethi | Independent Director | 4 | 4 |
| Dr. Vasant P. Gandhi | Independent Director | 4 | 2 |

c. Terms of reference

The terms of reference of the Remuneration Committee are as under:

- The Remuneration Committee has been constituted to recommend/review remuneration of the Managing Director and Whole-time Directors, based on their performance and defined assessment criteria.
- To decide on the elements of remuneration package of all the directors i.e. salary, benefits, bonus, stock options, pensions, etc.
- To administer the Employees Stock Option and Shares Plan – 2006
- Recommendation of fees / compensation/ stock options, if any, to be paid / granted, to Non Executive Directors, including independent directors, of the Board.
- Meetings of the Committee shall be held whenever matters pertaining to the remuneration payable, including any revision in remuneration payable to Executive/Non- Executive Directors is to be made.
- While approving the remuneration, the committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
- The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and shareholders.
- Carrying out any other function related to the terms of reference of the Remuneration Committee.
- Any other functions / powers / duties as may be entrusted by the Board from time to time

d. Remuneration Policy

Remuneration of the Executive Director is determined periodically by the Remuneration Committee within the permissible limits under the applicable provisions of law and as approved by the Board of Directors and shareholders.

The Company's remuneration policy is driven by the success and performance of the managerial person. While reviewing the remuneration of management personnel, the Committee takes into account the following:

- Financial position of the Company
- Scales prevailing in the industry
- Appointee's qualification and expertise
- Past performance
- Past remuneration etc.

Non-executive and Independent Directors are paid sitting fees of ₹ 20,000/- for each meeting of the Board attended by them. The total amount of sitting fees for the year was ₹ 2,00,000

e. Details of remuneration paid during the financial year ended December 31, 2012 to the Directors.

(₹ in lacs)

| Name | Salary* | Commission | Perks/Contribution to Retirement Benefits | Sitting fee | Total |
|----------------------|---------|------------|---|-------------|--------|
| Mr. V.R. Kaundinya | 152.87 | Nil | 22.73 | N.A | 175.61 |
| Mr. Vinod Sethi | Nil | Nil | Nil | 0.80 | 0.80 |
| Mr. Hardeep Singh | Nil | Nil | Nil | 0.80 | 0.80 |
| Dr. Vasant P. Gandhi | Nil | Nil | Nil | 0.40 | 0.40 |

* Salary includes HRA, Special Allowance and incentives.

- Mr. V.R. Kaundinya has been granted 8690 Stock Options in the Company till 31st December, 2012 out of which – 4028 options have been vested / exercised and allotted to him till date. No other Director of the Company holds any Stock Options in the Company.
- Employment period of Mr. V.R. Kaundinya shall continue till the executive attains the age of superannuation or retirement.
- Severance fees of Mr. V.R. Kaundinya shall be accrued benefits and 6 months basic salary.
- Other Terms as per Employment Agreement.

f. Employees Stock Option and Shares Plan – 2006

The Company granted 64,005 options during the financial year to the eligible employees of the Company and to that of its subsidiary companies.

Each Option entitles the holder thereof to apply for and be allotted 1 Equity share of the Company of ₹ 10/- each upon payment of the exercise price during the exercise period.

The vesting period for conversion of options is as follows:

| Stage | Period of vesting | Vesting (as a% of options) subject to participants continued employment | Vesting (as a% of options) subject to Company meeting annual performance benchmarks |
|-------|---|---|---|
| 1 | On completion of 1 year and 6 months from the grant date | 12.5% | 12.5% |
| 2 | On completion of 2 years and 6 months from the grant date | 12.5% | 12.5% |
| 3 | On completion of 3 years and 6 months from the grant date | 12.5% | 12.5% |
| 4 | On completion of 4 years and 6 months from the grant date | 12.5% | 12.5% |

Shares and Options of Directors

| Director | No. of options granted during the financial year | Total number of options granted till 31-Dec-2012 | No. of options exercised so far. |
|----------------------|--|--|----------------------------------|
| Mr. Jaidev R. Shroff | Nil | Nil | Nil |
| Mr. V. R. Kaundinya | 3230 | 8690 | 4028 |
| Mr. Vikram R. Shroff | Nil | Nil | Nil |
| Mr. Vinod Sethi | Nil | Nil | Nil |
| Dr. Vasant P. Gandhi | Nil | Nil | Nil |
| Mr. Hardeep Singh | Nil | Nil | Nil |

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

a. Constitution of the Committee

The Committee comprises three Non-executive directors of whom one is Independent director:

- Mr. Vinod Sethi – Chairman
- Mr. Jaidev R. Shroff – Member
- Mr. Vikram R. Shroff – Member

The Company Secretary is the Secretary of the Committee.

Ms. Pushpalatha K, Company Secretary is the Compliance Officer.

b. Terms of reference

The terms of reference of the **Shareholders' / Investors' Grievance Committee** are as under:

- i. Investigate into investors complaints and take necessary steps for redressal thereof
- ii. Transfer and transmission of securities
- iii. Dealing with complaints about non-receipt of declared dividend, non-receipt of Annual Report etc.
- iv. Issuance of duplicate share certificates
- v. Review of shares dematerialization and all other related matters
- vi. To perform all functions relating to the interests of shareholders/investors of the Company as may be required by the provisions of the Companies Act, 1956, Listing Agreement with the Stock Exchanges and guidelines issued by the SEBI or any other regulatory authority

To expedite the process and for effective resolution of grievances/complaints, the Committee has delegated powers to the Registrar and Transfer Agent, M/s Sharepro Services (India) Private Limited., to redress all complaints/grievances/inquiries of the shareholders'/investors'. It redresses the grievances/complaints of shareholders'/investors' under the supervision of Company Secretary and Compliance Officer of the Company.

The Company received the following communication from the shareholder and this was resolved to the satisfaction of the shareholder. There is no complaint pending unresolved at the year end.

| Nature of request/complaint | Received | Resolved |
|---------------------------------|----------|----------|
| Non-receipt of dividend warrant | 1 | 1 |

The Committee along with the Registrars and Share Transfer Agents of the Company follow the policy of attending to the complaints, if any, within seven days from the date of receipt of any complaint.

As mandated by SEBI, the Quarterly Reconciliation of Share Capital Audit, highlighting the reconciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-à-vis the total issued and listed capital is being carried out by a Practicing Company Secretary. This Audit confirms that the total issued and paid up capital is in agreement with the total number of shares held in physical and dematerialized form with NSDL and CDSL.

As on 31st December 2012 total 16,863,141 Equity Shares representing 99.99% of the total no. of Shares were dematerialized.

6. RISK MANAGEMENT COMMITTEE

a. Constitution of Risk Management Committee

The Committee comprises the following members:

- Mr. V. R. Kaundinya – Chairman
- Mr. Vikram R. Shroff – Member
- Mr. Manoj Gupta – Member
- Mr. Ameya Salatry – Member
- Ms. Pushpalatha K – Member

The Company Secretary acts as the Secretary of the Committee

b. Meetings and attendance during the year

Two meetings were held during the year under review and all the members were present in both the meetings.

c. Terms of Reference

The Risk Management Committee functions with the following main objectives:

- Identify and manage the company's debt and related interest rate risk
- Reduce overall interest cost of the company
- Management of foreign currency positions, derivative transactions and related risks
- To evaluate and measure these risks and their sensitivity to operations
- Establish processes for monitoring and control of the risks as per policy
- Effective MIS and regular reporting of positions and risks to the Risk Management Committee

d. Functions, Roles and Responsibilities of the Committee

- Approve Structures, analyze risks and benefits, seek independent opinion with regard to structure or views
- Evaluate valuation of the existing derivative structure(s) along with the deemed valuation of the underlying liability against which derivative was used to hedge
- Simulate worse case scenarios on all transactions prior and post dealings
- In case of unwind or pre-termination, adequate independent opinion be sought as regards levels and the committee be informed with rationale/analysis
- Review periodic reports and views on future performance of derivative transactions and report to the Committee on monthly basis
- Track regulatory changes and requirements and guide the decision making for policy changes
- Ensure all documentation and supporting data is in order
- To enter into forwards, options and other permissible derivative contracts and analyze the risk involved in such contracts in the best interests of the company
- To comply with RBI regulations as amended from time to time and any other rules and regulations with respect to derivatives dealings and other financial transactions
- Authority to unwind the deals entered at any point of time in the best interests of the company
- To enter into and to cancel the forward contracts for the company's foreign currency imports/exports
- Hedging of future receivables/payables
- Evaluate and seek approval for new products and activities

7. GENERAL BODY MEETINGS

a. Annual General Meetings

The venue, date and time of the Annual General Meetings held during the preceding three years and the Special Resolutions passed thereat are as under:

| Venue | Date and Time | Special resolution passed |
|--|------------------------------|--|
| "Earthen Oven" Fortune Park Vallabha, Road No. 12, Banjara Hills, Hyderabad – 500034 | June 20, 2012 11:30 A.M. | Re-appointment of Mr. V.R.Kaundinya as Managing Director of the Company for a period of three (3) years with effect from 10 th July 2012. |
| "Earthen Oven" Fortune Park Vallabha, Road No. 12, Banjara Hills, Hyderabad – 500034 | April 29, 2011 11:30 A.M. | None |
| Quoram Hall, Hotel Minerva Grand, Sarojini Devi Road, Secunderabad-500003 | April 29, 2010 11.30 A.M. | To approve the alteration of Articles of Association of the Company by way of inserting sub-article (5) in Article 7 of the Articles of Association. |

b. Extra Ordinary General Meetings

Particulars with regard to venue, date and time of the Extraordinary General Meetings held during the preceding three years and the Special Resolutions passed thereat are as under:

| Year | Venue | Date and Time | Special resolution passed |
|------|---|------------------------------|--|
| 2012 | Court convened meetings of the shareholders and Trade Creditors of the Company were held to seek their approval of the Scheme of Amalgamation and Arrangement between your company and its wholly owned subsidiary, Unicorn Seeds Private Limited and their respective shareholders and creditors on 2 nd June 2012, at 11:30 A.M. and 2:00 P.M. respectively. | | |
| 2011 | "Earthen Oven" Fortune Park Vallabha, Road No. 12, Banjara Hills, Hyderabad – 500034 | March 17, 2011 11:00 A.M. | Issue of further Equity shares and / or other convertible financial instruments through Public Issue, Rights Issue, Preferential Issue and / or Preferential Allotment for an aggregate amount not exceeding ₹ 750 Crores. |
| 2010 | No Extraordinary General Meeting was held during the year | | |

c. Postal Ballot

During the year, no postal ballot process was taken up and hence no special resolutions were passed through postal ballot. Therefore providing details of person who conducted the Postal Ballot exercise does not arise.

d. Special Resolutions proposed to be conducted through Postal Ballot

As of now, there is no proposal to pass any Special resolution through Postal Ballot process. Special resolutions, if required to be passed in the future, will be decided at the relevant time.

e. Procedure for postal Ballot

The procedure for postal Ballot shall be as per the provisions contained in this behalf in the Companies Act, 1956 and rules made there under, viz., Companies (Passing of the resolution by Postal Ballot) Rules, 2011 and any amendments thereof.

8. DISCLOSURES

i) Disclosure on materially significant related – party transactions that may have potential conflict with the interest of the Company at large.

- None of the transactions with the related parties is in conflict with the interest of the Company. The Company's major related party transactions are generally with its Subsidiaries and Associates. All related party transactions are negotiated on arms length basis and are intended to further the interests of the Company.
- The particulars of transactions between the Company and its related parties are as per the Accounting Standard -18 "Related Party Disclosure" issued by the Central Government under Companies (Accounting Standards) Rules, 2006 are set out under Note No. 33 of Notes to financial statements forming part of the Annual Accounts. Members may refer to the said Notes to Accounts for the details of related party transactions.

ii) Details of non-compliance by the company, penalties, and strictures imposed on the company by the Stock Exchange or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with the requirements of regulatory / statutory authorities on capital market and no penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.

iii) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of this clause:

The Company has complied with all the mandatory requirements and has adopted the following non-mandatory requirement of clause 49.

▪ Remuneration Committee

The Company has constituted Remuneration Committee to inter alia recommend/review remuneration to Managing Director / Whole time Directors and Non-Executive Directors based on their performance and defined assessment criteria.

iv) Material financial and commercial transactions of senior management, where they may have had personal interest, and which had potential conflict with the interests of the Company at large:

None

v) The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

9. MEANS OF COMMUNICATION

- Quarterly/Half-yearly results are communicated through newspaper advertisements. The results are generally published in The Economic Times and Andhra Prabha. The results are also posted on the Company's website www.advantaindia.com.
- Official news releases made to media are displayed on the Company's website www.advantaindia.com. Official Media releases are sent to the Stock Exchanges.

- The Company's website, www.advantaindia.com contains a separate section 'Investor Relations' where shareholders information is available. The Annual Report of the Company is also available on the Company's website in a user-friendly and downloadable form.
- The Company has designated the following e-mail id exclusively for investor servicing. For any queries, complaints or suggestions - investor@advantaindia.com and also communicate through investors' toll number provided therein.

Annual Report, containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion & Analysis (MD & A) Report forms part of the Annual Report and is displayed on the Company's website www.advantaindia.com.

10. GENERAL SHAREHOLDER INFORMATION

- a. **Date, Time & Venue of AGM** : **Wednesday, 5th June 2013**
11.30 AM
Hotel Fortune Park Vallabha, Road No 12,
Banjara Hills, Hyderabad - 500034

b. **Financial Calendar**

The Financial Year is 1st January to 31st December and the financial results are proposed to be declared as per the following tentative schedule:

| Particulars | Tentative Schedule |
|---|-----------------------------|
| Financial reporting for the quarter ending June 30, 2013 | Third week of July 2013 |
| Financial reporting for the quarter ending September 30, 2013 | Third week of October 2013 |
| Financial reporting for the quarter ending December 31, 2013 | First week of February 2014 |

c. **Book Closure**

The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 27th May 2013 to Wednesday 5th June 2013 (both days inclusive) in connection with the proposed 19th Annual General Meeting.

d. **Listing Details**

i. **Equity Shares**

The Company's shares are listed on the following Stock Exchanges with effect from 19th April 2007.

| Name of the Stock Exchange | Address | Stock Code |
|---|--|------------|
| BSE Ltd. (BSE) | Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 | 532840 |
| National Stock Exchange of India Ltd. (NSE) | Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex Bandra (E), Mumbai – 400051 | ADVANTAEO |

ISIN : INE517H01010

Annual listing fees for the FY 2013-14 has been paid by the Company to both the Stock Exchanges.

ii. Privately placed Debt instruments

The Company's privately placed Non-Convertible debentures are listed on The Wholesale Debt Market (WDM) Segment of BSE.

Scrip Code : 946596

ISIN : INE517H08015

Annual listing fees for the NCDs for the FY 2013-14 has been paid by the Company.

iii. Foreign Currency Convertible Bonds (FCCBs)

The Bonds are listed at Singapore Exchange Securities Trading Limited.

Stock Code : ADVFCB16

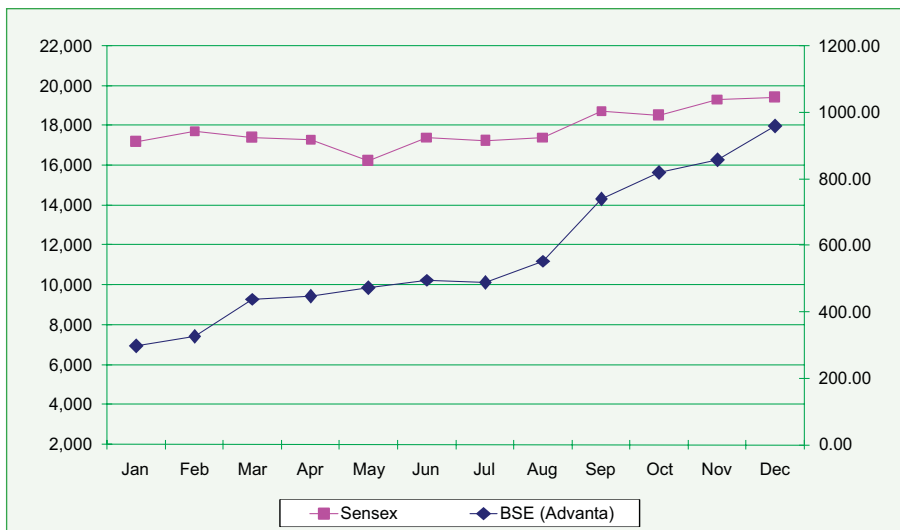
e. Market Price Data

| Month | BSE Limited (BSE) (In ₹ per share) | | National Stock Exchange of India Limited (NSE) (In ₹ per share) | |
|----------------|---------------------------------------|--------|--|--------|
| | High | Low | High | Low |
| January 2012 | 324.20 | 230.00 | 324.50 | 229.00 |
| February 2012 | 361.80 | 299.00 | 362.00 | 296.60 |
| March 2012 | 442.90 | 320.05 | 446.00 | 316.20 |
| April 2012 | 534.70 | 415.00 | 533.00 | 420.65 |
| May 2012 | 504.35 | 367.10 | 504.75 | 367.00 |
| June 2012 | 504.80 | 451.05 | 504.60 | 459.70 |
| July 2012 | 571.45 | 460.70 | 536.00 | 462.00 |
| August 2012 | 569.25 | 465.20 | 568.80 | 462.50 |
| September 2012 | 743.00 | 553.50 | 744.00 | 561.10 |
| October 2012 | 882.00 | 738.00 | 883.75 | 739.65 |
| November 2012 | 880.00 | 780.10 | 880.10 | 785.00 |
| December 2012 | 1,007.00 | 833.15 | 1,007.35 | 837.00 |

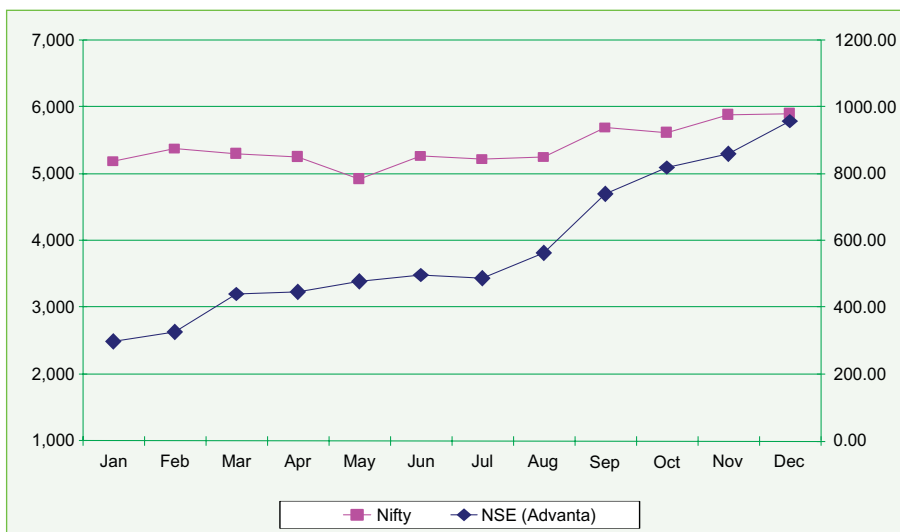
Performance in comparison to broad based indices for FY 31st December 2012 - BSE Sensex Vs Advanta (Closing Share prices in BSE) and Nifty vs. Advanta (Closing Share prices in NSE)

| Month | Sensex | BSE (Advanta) | Nifty | NSE (Advanta) |
|----------------|----------|---------------|---------|---------------|
| January 2012 | 17193.55 | 297.85 | 5199.25 | 297.40 |
| February 2012 | 17752.68 | 326.25 | 5385.20 | 326.55 |
| March 2012 | 17404.20 | 439.00 | 5295.55 | 441.10 |
| April 2012 | 17318.81 | 446.35 | 5248.15 | 446.55 |
| May 2012 | 16218.53 | 473.00 | 4924.25 | 476.90 |
| June 2012 | 17429.98 | 496.05 | 5278.90 | 498.40 |
| July 2012 | 17236.18 | 488.15 | 5229.00 | 488.10 |
| August 2012 | 17429.56 | 552.95 | 5258.50 | 563.25 |
| September 2012 | 18762.74 | 739.25 | 5703.30 | 739.20 |
| October 2012 | 18505.38 | 818.25 | 5619.70 | 820.50 |
| November 2012 | 19339.90 | 856.90 | 5879.85 | 859.95 |
| December 2012 | 19426.71 | 959.45 | 5905.10 | 959.25 |

BSE Sensex vs. Advanta Share Price in BSE



NSE Nifty vs. Advanta Share Price in NSE



f. Registrar and Share Transfer Agents

M/s. Sharepro Services (India) Private Limited
 Samhita Complex, Gala No. 52 to 56, Building No. 13A-B,
 Near Sakinaka Telephone Exchange, Andheri - Kurla Road, Sakinaka, Mumbai – 400072
 Ph: (91-22) 6772 0300 Fax: (91-22) 2859 1568
 E-mail: sharepro@shareproservices.com

g. Share Transfer System

All the transfers received are processed and approved by the Shareholders' / Investors' Grievance Committee at its meetings or by way of circular resolution. Share transfer requests which are received in physical form, are processed and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being in order and complete in all respects.

The Company obtains from a Company Secretary in practice Half-Yearly Certificate of compliances with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement entered into with the Stock Exchanges and files a copy of the Certificate with the Stock Exchange(s).

Investors' Relations

Investors' Relations function seeks to serve promptly, efficiently and with constant interface the Company's investors. Any query from any shareholder is promptly attended to by the Company and its RTA.

The function assists the investor community in understanding better the Company's strategy, vision and long term growth plans in order to enable them to take informed decisions on their investment.

The website of the Company www.advantaindia.com carries information on financial results, corporate announcements in addition to other relevant information for investors.

h. Employee Stock Option and Shares Plan – 2006

The Company has earmarked 1,68,000 equity shares of ₹ 10/- each under the Employees Stock Option and Shares Plan – 2006. Each option is convertible into an equity share of ₹ 10/- each. As on December 31, 2012, 112,013 options were in force, comprising of 66,779 options which remained unvested & outstanding and 45,234 vested options remained to be exercised. The vesting period and the exercise period of the stock options shall be determined by the Remuneration Committee subject to the minimum vesting period being one year.

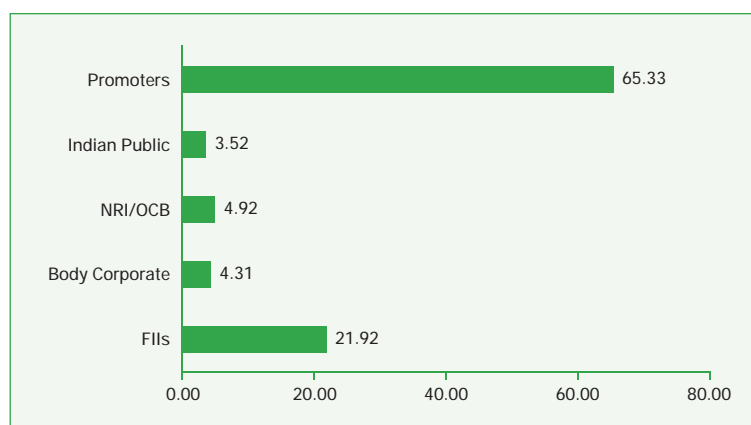
i. Distribution of Shareholding as on 31.12.2012

| No. of equity shares held | No. of shareholders | % | No. of shares | % |
|---------------------------|---------------------|----------------|-----------------|----------------|
| Up to 500 | 4119 | 96.193 | 196656 | 1.166 |
| 501 - 1000 | 65 | 1.518 | 52311 | 0.310 |
| 1001 - 2000 | 37 | 0.864 | 53756 | 0.319 |
| 2001 - 3000 | 11 | 0.257 | 27539 | 0.163 |
| 3001 - 4000 | 6 | 0.140 | 21378 | 0.127 |
| 4001 - 5000 | 6 | 0.140 | 26642 | 0.158 |
| 5001 - 10000 | 11 | 0.257 | 78208 | 0.464 |
| 10001 - And Above | 27 | 0.631 | 16406653 | 97.293 |
| Total | 4282 | 100.000 | 16863143 | 100.000 |

j. Shareholding Pattern as on December 31, 2012

| Category Code | Category of Shareholders | Number of Shareholders | Total No. of shares | Number of shares held in demat form | Total shareholding as a percentage of total number of shares | | Shares pledged or otherwise encumbered | |
|---------------|---|------------------------|---------------------|-------------------------------------|--|---------------|--|------------------|
| | | | | | As a percentage of (A+B) (A+B+C) | (VI) | (VII) | Number of Shares |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) |
| (A) | Shareholding of Promoter and Promoter Group | | | | | | | |
| (1) | Indian | | | | | | | |
| (a) | Individuals/H.U.F | 2 | 847650 | 847650 | 5.02 | 5.02 | - | - |
| (b) | Central/State Government(s) | - | - | - | - | - | - | - |
| (c) | Bodies Corporate | 5 | 9154486 | 9154486 | 54.29 | 54.29 | - | - |
| (d) | Financial Institutions/Banks | - | - | - | - | - | - | - |
| (e) | Any Other (specify) | - | - | - | - | - | - | - |
| | Sub-Total (A)(1) | 7 | 10002136 | 10002136 | 59.31 | 59.31 | - | - |
| (2) | Foreign | | | | | | | |
| (a) | Non Resident Individuals/Foreign Nationals | 1 | 1015350 | 1015350 | 6.02 | 6.02 | - | - |
| (b) | Bodies Corporate | - | - | - | - | - | - | - |
| (c) | Institutions | - | - | - | - | - | - | - |
| (d) | Qualified Foreign Investor | - | - | - | - | - | - | - |
| (e) | Any Other (specify) | - | - | - | - | - | - | - |
| | Sub-Total (A)(2) | 1 | 1015350 | 1015350 | 6.02 | 6.02 | - | - |
| | Total holding of Promoter and Promoter Group (A)=(A)(1)+(A)(2) | 8 | 11017486 | 11017486 | 65.33 | 65.33 | 0 | 0.00 |
| (B) | Public Shareholding | | | | | | | |
| (1) | Institutions | | | | | | | |
| (a) | Mutual Fund/UTI | - | - | - | - | - | - | - |
| (b) | Financial Institutions/Banks | - | - | - | - | - | - | - |
| (c) | Central/State Government(s) | - | - | - | - | - | - | - |
| (d) | Venture Capital Funds | - | - | - | - | - | - | - |
| (e) | Insurance Companies | - | - | - | - | - | - | - |
| (f) | Foreign Institutional Investors | 22 | 3697016 | 3697016 | 21.92 | 21.92 | - | - |
| (g) | Foreign Venture Cap. Inv | - | - | - | - | - | - | - |
| (h) | Qualified Foreign Investor | - | - | - | - | - | - | - |
| (i) | Any Other (specify) | - | - | - | - | - | - | - |
| | Sub-Total (B)(1) | 22 | 3697016 | 3697016 | 21.92 | 21.92 | - | - |
| (2) | Non Institutions | | | | | | | |
| (a) | Bodies Corporate | 290 | 727058 | 727058 | 4.31 | 4.31 | - | - |
| (b) | Individuals | | | | | | | |
| | i) Holding nominal share capital upto ₹ 1 lakh | 3903 | 360050 | 360048 | 2.15 | 2.15 | - | - |
| | ii) Holding nominal share capital in excess of ₹ 1 lakh | 3 | 231147 | 231147 | 1.37 | 1.37 | - | - |
| (c) | Qualified Foreign Investor | - | - | - | - | - | - | - |
| (d) | Any Other(specify) | - | - | - | - | - | - | - |
| (d-i) | Overseas Corporate Bodies | - | - | - | - | - | - | - |
| (d-ii) | Non Resident Individuals | | | | | | | |
| | -NRI Non Repatriable | 8 | 374 | 374 | - | - | - | - |
| | -NRI Repatriable | 47 | 829512 | 829512 | 4.92 | 4.92 | - | - |
| (d-iii) | Foreign National | 1 | 500 | 500 | - | - | - | - |
| | Sub-Total (B)(2) | 4252 | 2148641 | 2148639 | 12.75 | 12.75 | - | - |
| | Total Public shareholding (B)=(B)(1)+(B)(2) | 4274 | 5845657 | 5845655 | 34.67 | 34.67 | 0 | 0.00 |
| | TOTAL (A)+(B) | 4282 | 16863143 | 16863141 | 100.00 | 100.00 | 0 | 0.00 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | |
| 1 | Promoter and Promoter Group | - | - | - | - | - | - | - |
| 2 | Public | - | - | - | - | - | - | - |
| | GRAND TOTAL (A)+(B)+(C) | 4282 | 16863143 | 16863141 | 100.00 | 100.00 | 0 | 0.00 |

Shareholding Pattern as on 31st December 2012



k. Dematerialization of shares and liquidity

The Company's shares are available for dematerialization in both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Except 2 equity shares of ₹ 10 each, the entire equity share capital comprising of 1,68,63,143 equity shares of ₹ 10 each (almost 100%) has been dematerialized as on December 31, 2012.

| Electronic/Physical | Number of shares held | Percentage(%) of Issued Capital |
|---------------------|-----------------------|---------------------------------|
| NSDL | 15861992 | 94.06 |
| CDSL | 1001149 | 5.94 |
| Physical | 2 | 0.00 |
| TOTAL | 1,68,63,143 | 100.00 |

l. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has issued USD 50 Million Floating Rate Guaranteed Foreign Currency Convertible Bonds due 2016 as per the details given below:

| | |
|---|--|
| Identification No. | FCB160713 |
| ISIN | XS0633235782 |
| Initial Conversion Price | INR 282.84 representing a premium of 10% to INR 257.13, the reference share price (closing price on NSE on June 30, 2011). |
| Initial Conversion Ratio | Convertible into 31,778 shares per Bond of USD 2,00,000 each from July 15, 2011 to July 2, 2016 |
| Number of Bonds Converted as on December 31, 2012 | NIL |
| Number of Bonds outstanding as on December 31, 2012 | 250 |
| Amount Outstanding as on December 31, 2012 | USD 50 Million |
| Expected number of shares to be issued | 79,44,421 |

Apart from aforesaid Bonds and the stock options issued under the Employees Stock Option and Shares Plan – 2006 of the Company, there are no other instruments, whether GDRs/ADRs/Warrants or any other convertible instruments which are outstanding as on date.

m. Plant locations

- (i) **Kurnool** : B Camp Post, Krishna Nagar,
Kurnool – 518 002, A.P
- (ii) **Medak** : Kalakkal Village,
Toopran Mandal, Medak District, A.P.
- (iii) **Ranga Reddy District** : Bharati Brahma Seeds,
Nutankal Village, Medchal Mandal,
Ranga Reddy District,
501082, Andhra Pradesh
- (iv) **Haryana** : Plot No. 110, Sec. 57,
Phase – IV, Industrial Estate,
Kundali, Sonapat, Haryana.

n. Address for Investor correspondence:

The shareholders may send their communications at the following address:

Company Secretary and Compliance Officer

Advanta India Limited

Krishnama House, #8-2-418, 4th Floor, Road No. 7, Banjara Hills,

Hyderabad – 500034 Ph: (91-40) 6628 4000 – 15

Fax: (91-40) 2335 0856/6628 4040

E-mail: investor@advantaindia.com

Website: www.advantaindia.com

Registrars & Transfer Agents of the Company

M/s. Sharepro Services (India) Private Limited

Samhita Complex, Gala No. 52 to 56, Building No. 13A-B,
Near Sakinaka Telephone Exchange, Andheri - Kurla Road,
Sakinaka, Mumbai – 400072

Ph: (91-22) 6772 0300 Fax: (91-22) 2859 1568

E-mail: sharepro@shareproservices.com

Address for correspondence with Depositories

1. National Securities Depository Limited

Trade World, 'A' Wing, 4th & 5th Floors

Kamala Mills Compound

Senapati Bapat Marg,

Mumbai 400 013

Telephone no.: 022-2499 4200

Facsimile no.: 022-2497 6351

E-mail: info@nsdl.co.in

Website: www.nsdl.co.in

2. Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers, 17th Floor

Dalal Street

Lower Parel Fort

Mumbai 400 001

Telephone no.: 022-2272 3333

Facsimile no.: 022-2272 3199

E-mail: investors@cdslindia.com

Website: www.cdslindia.com

o. Prevention of Insider Trading

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has instituted a comprehensive code of conduct for prohibition of insider trading in the Company's shares.

Advanta's Code of Conduct for prevention of Insider Trading, as approved by the Board of Directors, inter alia, prohibits purchase/sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company.

p. Compliance Certificate

Certificate from M/s. P. S. Rao & Associates, Company Secretaries in Practice, Hyderabad confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is annexed hereinafter.

This Certificate will be forwarded to the Stock Exchanges along with the Annual Report of the Company.

q. CEO and CFO Certification

The Managing Director and Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Managing Director and Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41.

r. Any query on Annual Report : Ms. Pushpalatha K

Company Secretary
Krishnama House, #8-2-418,
4th Floor, Road No.7,
Banjara Hills,
Hyderabad-500 034. A.P, India

s. Other useful information to Shareholders

i. Pursuant to the provisions of Section 205A of the Companies Act, 1956 the dividend declared by the Company which remains unclaimed for a period of seven years, shall be transferred to Investor Education & Protection Fund (IEPF) established by the Central Government under Section 205C of the said Act.

ii. The unclaimed dividend amount lying in the unpaid dividend account of the respective financial year is as follows. Investors are requested to encash the unclaimed dividend amount before the expiry of seven years.

| Financial Year | Unclaimed Dividend as on 31-Dec-2012 | Estimated date for Transfer to IEPF |
|----------------|--------------------------------------|-------------------------------------|
| 2009 | Yes Bank- ₹ 5110 | 3 rd June, 2016 |
| 2008 | Axis Bank- ₹ 5814 | 27 th July ,2015 |
| 2007 | HDFC Bank- ₹ NIL | NA |
| 2006 | HDFC Bank- ₹ 3 | 26 th October, 2013 |

iii. Members holding shares in physical form are requested to notify to the Company, any change in their registered address and bank account details promptly by written request under the signature of sole/ first joint holder. Members holding shares in electronic form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney etc. directly to their Depository Participant (DP) as the same are maintained by them.

In case of non-residents, members are advised to immediately notify the Company or to the DPs as the case may be (i) change in their residential status on return to India for permanent settlement (ii) particulars of their NRE bank account with a bank in India, if not furnished earlier.

- iv. Members are requested to quote their folio/DP and Client ID nos., as the case may be, in all correspondence with the Company and the Registrar and Transfer Agent of the Company.
- v. Nomination facility: Section 109A of the Companies Act, 1956 facilitates the nomination to share / debenture holders. This facility is mainly useful for all those holding the shares / debentures in single name. In cases where the securities are held in joint names, the nomination will be effective only in the event of death of all the joint holders.

Investors are advised to avail this facility, especially investors holding securities in single name.

The nomination form may be obtained on request from the Company's Registrar and Transfer Agents for the shares held in physical form. For the shares held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant directly, as per the format prescribed by them.

- vi. Members are welcome to give us their valuable suggestions for improvement of investor services.

Declaration on Code of Conduct

I, V.R. Kaundinya, Managing Director of M/s. Advanta India Limited, to the best of my knowledge and belief, declare that all the members of the Board and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended December 31, 2012.

Place : Jaipur
Date : February 8, 2013

V.R. Kaundinya
Managing Director

CEO / CFO Certification

To
The Board of Directors
Advanta India Limited

We hereby certify that:

We have reviewed the financial statements and the cash flow statement of the Company for the year ended December 31, 2012 and to the best of our knowledge and belief:

- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting, evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or the operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify the identified deficiencies.

We have indicated to the auditors and the Audit Committee

- i. significant changes in the internal control over financial reporting during the year;
- ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, wherever applicable; and
- iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Jaipur
Date : February 8, 2013

V. R. Kaundinya
Managing Director

Manoj Gupta
Chief Financial Officer

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Advanta India Limited

We have examined the compliance of conditions of Corporate Governance by M/s Advanta India Limited, for the year ended December 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of the Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the procedures and implementation thereof, adopted by the Company and ensuring the compliance of the conditions of corporate governance.

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

We further 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 P.S.Rao & Associates

Company Secretaries

Place : Hyderabad

Date : 26.04.2013

P.S. Rao

Partner

Membership No: 9769

C.P. No.: 3829

Standalone Financial Statements

Auditors' Report

To

The Members of Advanta India Limited

1. We have audited the attached Balance Sheet of Advanta India Limited ('the Company') as at December 31, 2012 and also the Statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion we draw attention to note 47 of the financial statements, the remuneration paid to the Managing Director is in excess of the limits specified in Schedule XIII of the Companies Act, 1956 by ₹ 152.14 Lacs (Previous Year: ₹ Nil) for which steps are being taken by the company to obtain Central Government approval. Pending, final outcome of the company's application, no adjustments have been made to the financial statements.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. 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;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on December 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

-
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;
- a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Associates

Firm registration number: 101049W

Chartered Accountants

per Sudhir Soni

Partner

Membership No.: 41870

Place : Jaipur

Date : February 8, 2013

Annexure referred to in paragraph 3 of our report of even date Re: Advanta India Limited ('the Company')

- (i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventories 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 and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loan to three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 39,769 lacs and the year-end balance of loans granted to such parties was ₹ 37,007 lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and the other terms and conditions for said loan are not prima facie prejudicial to the interest of the Company.
- (c) The loans granted are repayable on demand. As informed, the repayment of principal amount and payment towards interest are made as and when demanded by the Company.
- (d) There is no overdue amount of loans granted to companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company had taken loan from two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 3,625 lacs and the year-end balance of loans taken from such parties was ₹ 1,436 lacs.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us, 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 and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into 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 such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size 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 cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax and service tax on account of any dispute are as follows:

| Name of the Statute | Nature of Dues | Amount (₹ in lacs) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|----------------|-------------------------------------|---------------------------------------|-----------------------------------|
| Income Tax Act, 1961 | Income Tax | 118.68 | A.Y. 2000-01 | Pending before ITAT |
| | | 4.84 | A.Y. 2005-06 | Pending before ITAT |
| | | 80.73 | A.Y. 2006-07 | Pending before ITAT |
| | | 141.55 | A.Y. 2007-08 | Pending before ITAT |
| | | 161.03 | A.Y. 2008-09 | Pending before ITAT |
| Finance Act, 1994 | Service Tax | 490.13 (inclusive of penalty) | F.Y. 2006-07 | Pending before CESTAT |

According to the information and explanation given to us, there are no dues of sales tax, wealth-tax, customs duty and cess which have not been deposited on account of any dispute. Excise duty is not applicable to the Company.

- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank or debentures holders. The Company has no outstanding dues in respect of a financial institution.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

-
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has unsecured debentures outstanding during the year, on which no security or charge is required to be created.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates

Firm registration number: 101049W

Chartered Accountants

per Sudhir Soni

Partner

Membership No.: 41870

Place : Jaipur

Date : February 8, 2013

Balance Sheet as at 31st December, 2012

| | Notes | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
|--|--------------|--------------------------------|--------------------------------|
| Equity and Liabilities | | | |
| Shareholders' Funds | | | |
| Share Capital | 3 | 1,686.31 | 1,685.42 |
| Reserves and Surplus | 4 | 31,133.86 | 35,757.41 |
| | | 32,820.17 | 37,442.83 |
| Non- Current liabilities | | | |
| Long - Term Borrowings | 5 | 44,961.43 | 47,816.43 |
| Other Long Term Liabilities | 6 | 46.07 | 58.47 |
| Long - Term Provisions | 7 | 151.56 | 173.02 |
| | | 45,159.06 | 48,047.92 |
| Current Liabilities | | | |
| Short - Term Borrowings | 8 | 3,450.00 | 9,478.90 |
| Trade Payables | 9 | 1,743.01 | 2,763.38 |
| Other Current Liabilities | 9 | 5,581.79 | 2,946.69 |
| Short - Term Provisions | 7 | 74.11 | 68.78 |
| | | 10,848.91 | 15,257.75 |
| | Total | 88,828.14 | 100,748.50 |
| Assets | | | |
| Non Current Assets | | | |
| Fixed Assets | | | |
| - Tangible Assets | 10 | 1,768.69 | 1,558.58 |
| - Intangible Assets | 11 | 4,072.00 | 4,014.21 |
| - Capital Work in Progress | | 25.00 | 25.00 |
| Non - Current Investments | 12 | 37,868.10 | 41,124.04 |
| Long -Term loans and advances | 13 | 37,279.38 | 42,691.79 |
| | | 81,013.17 | 89,413.62 |
| Current Assets | | | |
| Current Investments | 14 | - | 100.00 |
| Inventories | 15 | 1,301.91 | 5,035.70 |
| Trade Receivables | 16.1 | 1,355.32 | 2,352.35 |
| Cash and Bank Balances | 17 | 757.73 | 1,732.54 |
| Short -term loans and advances | 13 | 226.50 | 183.86 |
| Other Current Assets | 16.2 | 4,173.51 | 1,930.43 |
| | | 7,814.97 | 11,334.88 |
| | Total | 88,828.14 | 100,748.50 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For S. R. Batliboi & Associates

Firm Registration Number: 101049W
Chartered Accountants

per Sudhir Soni

Partner
Membership Number: 41870

Place : Jaipur
Date : February 8, 2013

For and on behalf of the Board of Directors of
Advanta India Limited

Vikram R. Shroff
Director

Manoj Gupta
Chief Financial Officer

Place : Jaipur
Date : February 8, 2013

V. R. Kaundinya
Managing Director

Pushpalatha K
Company Secretary

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

| | Notes | Current Year ₹ Lacs | Previous Year ₹ Lacs |
|--|-------|------------------------|-------------------------|
| INCOME | | | |
| Revenue from operations | 18 | 10,289.81 | 13,877.79 |
| Other Income | 19 | 2,656.94 | 3,166.43 |
| Total Revenue (i) | | 12,946.75 | 17,044.22 |
| Expenses | | | |
| Cost of raw material consumed | 20 | 2,044.82 | 5,128.49 |
| (Increase) / Decrease in Inventories | 21 | 4,179.73 | (299.23) |
| Employee benefit expenses | 22 | 595.43 | 1,617.19 |
| Other Expenses | 23 | 1,113.23 | 3,282.67 |
| Total (ii) | | 7,933.21 | 9,729.12 |
| Profit before interest, tax, depreciation and amortization (i)-(ii) | | 5,013.54 | 7,315.10 |
| Depreciation and Amortisation expense | | 864.60 | 879.33 |
| Finance Cost | 24 | 3,559.35 | 4,842.11 |
| Profit before exceptional item and tax | | 589.59 | 1,593.66 |
| Exceptional Item | 45 | 470.42 | - |
| Profit before tax | | 119.17 | 1,593.66 |
| Tax expenses | | | |
| - Current Tax | | (175.00) | 175.00 |
| Total tax expense | | (175.00) | 175.00 |
| Profit for the year | | 294.17 | 1,418.66 |
| Earnings Per Share: | | | |
| Basic (₹): | | | |
| After exceptional item | | 1.74 | 8.42 |
| Before exceptional item | | 4.54 | 8.42 |
| Diluted (₹) | | | |
| After exceptional item | | 1.73 | 8.34 |
| Before exceptional item | | 4.50 | 8.34 |
| Face value Per Share (₹) | | 10.00 | 10.00 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For S. R. Batliboi & Associates

Firm Registration Number: 101049W

Chartered Accountants

per Sudhir Soni

Partner

Membership Number: 41870

Place : Jaipur

Date : February 8, 2013

For and on behalf of the Board of Directors of
Advanta India Limited

Vikram R. Shroff
Director

Manoj Gupta
Chief Financial Officer

Place : Jaipur

Date : February 8, 2013

V. R. Kaundinya
Managing Director

Pushpalatha K
Company Secretary

Cash Flow Statement for the year ended 31st December, 2012

| | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before exceptional item and taxation | 589.59 | 1,593.66 |
| Adjustments for: | | |
| Depreciation / Amortisation | 864.60 | 879.33 |
| Debit Balances Written Off | 1.55 | 180.00 |
| Loss/(Profit) on sale of fixed assets | (2.31) | 2.85 |
| Provision for doubtful debts & advances | 174.71 | - |
| Excess provisions written back | (215.41) | (35.61) |
| Interest income | (2,500.53) | (3,052.59) |
| Dividend Income | (0.75) | (0.75) |
| Gain on buyback of debentures | (60.50) | - |
| Miscellaneous income | - | (47.27) |
| Interest and other financial charges | 3,485.31 | 4,842.11 |
| Exchange difference in finance cost | (854.48) | (65.82) |
| | 892.19 | 2,702.25 |
| Operating Profit before working capital changes | 1,481.78 | 4,295.91 |
| Adjustments for: | | |
| (Increase) / Decrease in Inventories | 4,423.31 | 552.73 |
| (Increase) / Decrease in trade receivable | 1,233.92 | (1,085.49) |
| (Increase) / Decrease in Other Current Assets | (532.96) | - |
| (Increase) / Decrease in long term and short term loans and advances | 265.47 | (1,118.61) |
| Increase / (Decrease) in trade payables & other current liabilities | (930.87) | (334.49) |
| Increase/(Decrease)inlongtermandshorttermprovisions | (47.09) | 6.78 |
| | 4,411.78 | (1,979.08) |
| Cash generated from Operations (before exceptional and prior period items) | 5,893.56 | 2,316.83 |
| Exceptional Items | (470.42) | - |
| Direct taxes paid (net of refunds) | (187.84) | (69.31) |
| Net cash (used in) / from Operating Activities (A) | 5,235.30 | 2,247.52 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets including CWIP and capital advances | (166.48) | (131.09) |
| Loans/Advance to subsidiaries (given)/received back-Net | 3,884.87 | (4,016.41) |
| Proceeds from sale of fixed assets | 3.24 | 2.35 |
| Investments / Redemption in bank deposits (having original maturity of more than three months) | 18.95 | 19.61 |
| Payment of Milestone Liability | - | (650.00) |
| Interest received | 678.42 | 3,440.07 |
| Dividend Received | 80.41 | 32.99 |
| Net Cash used in Investing Activities (B) | 4,499.41 | (1,302.48) |

Cash Flow Statement for the year ended 31st December, 2012 (Continued)

| | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| C CASH FLOW FROM FINANCIAL ACTIVITIES | | |
| Proceeds of long-term borrowings | 2,500.00 | 25,452.54 |
| Repayment of long-term borrowings | (3,800.00) | (21,300.00) |
| Proceeds/(Repayment) of short-term borrowings | (6,028.90) | 360.42 |
| Proceeds from Issuance of equity share capital | 25.45 | (0.05) |
| Gain on buyback of debentures | 60.50 | - |
| Utilization of government grant | (12.41) | - |
| Right Issue Expenses | (36.01) | 4.80 |
| FCCB/ Debenture Issue expenses | - | (695.77) |
| Interest paid | (3,413.47) | (3,990.26) |
| Dividend Paid | - | (0.28) |
| Net cash (used in) / from Financing Activities (C) | (10,704.84) | (168.60) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | (970.13) | 776.44 |
| Cash and cash equivalents at the beginning of the year | 1,286.24 | 509.80 |
| Cash and cash equivalents acquired on merger of USPL (Refer note no. c) | 14.16 | - |
| Cash and cash equivalents at the end of the year | 330.27 | 1,286.24 |
| Components of Cash and Cash Equivalents | | |
| Cash on Hand | 0.37 | 0.50 |
| Remittance in Transit | - | 390.48 |
| With Banks | | |
| on current accounts | 329.79 | 893.70 |
| on deposit account | - | 1.45 |
| Unpaid dividend accounts (Refer note no a) | 0.11 | 0.11 |
| | 329.90 | 895.26 |
| Total cash and cash equivalent (note 17) | 330.27 | 1,286.24 |
| Summary of significant accounting policies | 2.1 | |
| a These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities. | | |
| b The figures of the current year includes changes in the cash flow of the erstwhile Unicorn Seeds Private Limited (USPL) (refer note no 26), which was amalgamated with the Company w.e.f. April 1, 2011 and are therefore to that extent not comparable with previous year's figures. | | |
| c The amalgamation of erstwhile Unicorn Seeds Private Limited (refer note no. 26) with the Company is a non cash transaction and hence, no impact on the Company's cash flow for the year. | | |

As per our Report of even date

For S. R. Batliboi & Associates

Firm Registration Number: 101049W
Chartered Accountants

per Sudhir Soni

Partner
Membership Number: 41870

Place : Jaipur
Date : February 8, 2013

For and on behalf of the Board of Directors of
Advanta India Limited

Vikram R. Shroff
Director

Manoj Gupta
Chief Financial Officer

Place : Jaipur
Date : February 8, 2013

V. R. Kaundinya
Managing Director

Pushpalatha K
Company Secretary

Notes to Financial statements for the year ended 31st December, 2012

1 Corporate Information

Advanta India Limited ('AIL' or 'the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the business of research, production and sale of field crops and vegetable seeds through distributors to farmers.

2 Basis of Preparation

The financial statements of the company 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 under 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. The accounting policies have been consistently applied and are consistent with those used in the previous year.

2.1 Significant Accounting Policies

(a) Presentation and disclosure of financial statements

During the year ended 31st December 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) Use of estimates

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

(c) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(d) Depreciation

Depreciation on building and plant and machinery is provided for in the accounts on straight line method in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on other assets is provided using the Straight Line Method as per the useful life of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.

| | Rate (SLM) | Rate as per Schedule XIV (SLM) |
|------------------------|------------|--------------------------------|
| Furniture and Fixtures | 10% | 6.33% |
| Computers | 20% | 16.21% |
| Vehicles | 20% | 9.50% |
| Office Equipments | 10% | 4.75% |

Notes to Financial statements (Continued)

Individual fixed assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

Lease hold improvements are depreciated over the period of lease which is generally ten years.

(e) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Goodwill is tested for impairment at the end of each balance sheet date and any impairment loss arises is recognized in the statement of profit and loss.

(f) Intangible Assets

Costs relating to intangible assets, which are acquired, are capitalised and amortised on a straight-line basis over their useful lives.

| | Useful life |
|-------------------------|-------------|
| Technical Knowhow | 10 years |
| Technology License Fees | 5 years |
| Germ Plasm | 10 years |
| Software | 10 years |
| Trade Marks / Brands | 10 years |

Goodwill arising on acquisition of business is not amortised

(g) Research and Development

Research expenditure is charged to revenue in the year in which it is incurred. Development expenditure is carried forward when its future recoverability can reasonably be regarded as assured and is amortised over the period of expected future benefit.

(h) Leases

Where the Company is the Lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of the leased property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Notes to Financial statements (Continued)

(i) Government Grants

Grants from the government are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Government grants received in the nature of Investment Subsidy are treated as Capital Reserve.

(j) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried 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 recognise a decline other than temporary in the value of the investments.

(k) Inventories

Inventories are valued as follows:

Raw materials, 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 moving weighted average basis.

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 is determined on standard cost basis.

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.

In case of a contract where company has a firm commitment, company has recognised inventory of agricultural crop at net realisable value.

(l) 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.

- i Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with dispatch of goods (including sale of remnants) to the customer. The sales are net of sales return and expected sales return.
- ii Income from services are recognized as and when the services are rendered.
- iii Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.
- v Royalty is recognised on an accrual basis in accordance with the terms of the relevant agreement.

Notes to Financial statements (Continued)

(m) Foreign Exchange Translation/Currency Transaction

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses. Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Exchange difference arising on financing activities are reflected under finance cost.

(n) Derivative Instruments

As per the ICAI announcement, accounting for derivative contracts, other than those covered under AS 11, are marked to market on a portfolio basis, and the net loss is charged to the statement of profit and loss. Net gains are ignored.

(o) Retirement and other employee Benefits

- (i) Retirement benefits in the form of Provident Fund and Superannuation Fund are a defined contribution scheme and the contributions to the scheme are charged to the statement of Profit and Loss of the year when the contributions to the respective funds are due. The Superannuation Fund scheme is funded with an insurance company in the form of a qualifying insurance policy.
- (ii) Gratuity liability is defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- (iii) Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method
- (iv) Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

Notes to Financial statements (Continued)

(p) Taxation

Tax expense comprises of 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. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 balance sheet 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 balance sheet 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.

(q) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

(r) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financials statements.

(s) Cash and Cash Equivalents

Cash and cash equivalents on the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(t) Borrowing Costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to Financial statements (Continued)

(u) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(v) Segment Reporting Policies

Identification of segments:

Segments are identified in line with AS 17 "Segment Reporting", taking into consideration the internal organization and management structure as well as the differential risk and returns of the segment.

Based on the Company's business model, research, production and distribution of Hybrid seeds have been considered as the only reportable segment and hence no separate financial disclosure is provided in respect of its single business segment.

Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

3. Share Capital

| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
|---|--------------------------------|--------------------------------|
| Authorised shares | | |
| 60,620,000 (Previous Year: 60,000,000) Equity Shares of ₹10 /- each | 6,062.00 | 6,000.00 |
| 16,380,000 (Previous Year: 15,000,000) Preference Shares of ₹10 /- each | 1,638.00 | 1,500.00 |
| Issued,Subscribed and fully paid up shares | | |
| 16,863,143 (Previous Year: 16,854,212) Equity Shares of ₹ 10/- each fully paid-up | 1,686.31 | 1,685.42 |
| Total Issued,Subscribed and fully paid up share capital | 1,686.31 | 1,685.42 |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

| | 31-Dec-2012 | | 31-Dec-2011 | |
|------------------------------------|-------------|----------|-------------|----------|
| | No in Lacs | ₹ Lacs | No in Lacs | ₹ Lacs |
| At the beginning of the year | 168.54 | 1,685.42 | 168.52 | 1,685.20 |
| Issued during the year -ESOP | 0.09 | 0.89 | 0.02 | 0.22 |
| Outstanding at the end of the year | 168.63 | 1,686.31 | 168.54 | 1,685.42 |

Notes to Financial statements (Continued)

(b) Terms/rights attached to equity shares

The Company has one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

| | 31-Dec-2012 No in Lacs | 31-Dec-2011 No in Lacs |
|---|---------------------------|---------------------------|
| Equity shares issued on 22nd January 2007 for consideration other than cash to share holders of Uniphos Seeds and Biogenetics Private Limited pursuant to the scheme of amalgamation with the company | 33.775 | 33.775 |

(d) Details of shareholding more than 5% shares in the Company

| Name of the shareholder | As at 31-Dec-2012 | | As at 31-Dec-2011 | |
|---|-------------------|------------------------|-------------------|------------------------|
| | No Lacs | % holding in the Class | No Lacs | % holding in the Class |
| United Phosphorus Limited | 84.00 | 49.81 | 84.00 | 49.84 |
| ICICI Prudential Life Insurance Company Limited | - | - | 10.21 | 6.06 |
| Jaidev R. Shroff | 10.15 | 6.02 | 10.15 | 6.02 |
| Vikram R. Shroff | 8.47 | 5.02 | 8.47 | 5.02 |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 31.

Notes to Financial statements (Continued)

4. Reserves and Surplus

| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
|---|--------------------------------|--------------------------------|
| Capital Reserve | | |
| Balance as per last financial statements | 737.21 | 737.21 |
| Add: Adjustment on account of amalgamation of the subsidiary company (Refer Note 26) | 136.10 | - |
| | 873.31 | 737.21 |
| Capital Redemption Reserve | | |
| Balance as per last financial statements | - | - |
| Add: Adjustment on account of amalgamation of the subsidiary company (Refer Note 26) | 25.00 | - |
| | 25.00 | - |
| General Reserve | | |
| Balance as per last financial statements | 1,816.11 | 1,816.11 |
| Add: Adjustment on account of amalgamation of the subsidiary company (Refer Note 26) | 36.03 | - |
| | 1,852.14 | 1,816.11 |
| Securities Premium Account | | |
| Balance as per last financial statements | 34,566.00 | 35,255.66 |
| Add: Additions on ESOPs exercised | 24.56 | 6.11 |
| Less: Adjustment on account of amalgamation of the subsidiary company (Refer Note 26) | (4,966.33) | - |
| Less: Adjustment of FCCB issue expenses | - | (695.77) |
| | 29,624.23 | 34,566.00 |
| Debenture Redemption Reserve | | |
| Balance as per last financial statements | 1,418.66 | - |
| Add: Transfer from surplus Profit and Loss | 294.17 | 1,418.66 |
| | 1,712.83 | 1,418.66 |
| Employee Stock options outstanding | | |
| Gross employee stock compensation for options granted in earlier years | - | - |
| Add: gross compensation for options granted during the year | 5.94 | - |
| | 5.94 | - |
| Surplus / (Deficit) in the statement of profit and loss | | |
| Balance as per last financial statements | (2,780.57) | (2,780.57) |
| Add: Adjustment on account of amalgamation of subsidiary company (Refer note 26) | (179.02) | - |
| Add: Profit /(loss) for the year | 294.17 | 1,418.66 |
| Less: Appropriations | | |
| Transfer to debenture redemption reserve | 294.17 | 1,418.66 |
| Total Appropriations | 294.17 | 1,418.66 |
| Net surplus / (Deficit) in the statement of profit and loss | (2,959.59) | (2,780.57) |
| Total reserves and surplus | 31,133.86 | 35,757.41 |

Notes to Financial statements (Continued)

5. Long - term borrowings

| | Non Current Portion | | Current Maturities | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
| (a) Bonds/Debentures | | | | |
| Unsecured Redeemable Non Convertible Debentures (Refer note a below) | 14,900.00 | 16,200.00 | - | - |
| Foreign Currency Floating Rate Guaranteed Convertible Bonds (Unsecured) (FCCB's) (Refer note b below) | 27,497.50 | 26,552.50 | - | - |
| (b) Term Loans | | | | |
| <u>From Banks</u> | | | | |
| Indian Rupee Loan (Unsecured) (Refer note c below) | 2,500.00 | 5,000.00 | 2,500.00 | - |
| (c) Other loans and advances | | | | |
| Loan from Department of Biotechnology (Secured) (Refer note d below) | 63.93 | 63.93 | - | - |
| | 44,961.43 | 47,816.43 | 2,500.00 | - |
| The above amount includes | | | | |
| Secured borrowings | 63.93 | 63.93 | - | - |
| Unsecured borrowings | 44,897.50 | 47,752.50 | 2,500.00 | - |
| Amount disclosed under the head "other current liabilities" (note 9) | - | - | (2,500.00) | - |
| Net Amount | 44,961.43 | 47,816.43 | - | - |

Notes:

- a) Unsecured Redeemable Non Convertible Debentures
- ₹ 14,900 lacs (Previous year: ₹ 16,200 lacs) non convertible debentures (NCDs) consisting of 1,490 (Previous year: 1,620) unsecured redeemable non convertible debentures of ₹ 10,00,000 each redeemable at par at the end of five years from the date of allotment viz 13th March 2010 or at every interest payment date, which is on quarterly basis at the option of the company.
 - NCD's carry a coupon rate of INBMK +2% with a minimum floor price of 10% per annum.
 - As per the Information Memorandum for Non-convertible Debentures issued by the Company, the Company is authorised to purchase its own NCDs from time to time from the open market in accordance with the applicable laws. Pursuant to the said Information Memorandum, the Company, during the current year, has purchased and reissued NCDs and at year end, 130 NCDs are in the name of the Company as on 31st December 2012. Outstanding NCDs referred in Note No. 1 excludes the debentures held in the name of the Company as on 31st December 2012, in respect of which the Company shall have the right to re-issue the Debentures as and when the Company may deem fit.
- b) Foreign Currency Floating Rate Guaranteed Convertible Bonds due 2016.
250 Floating Rate Guaranteed Convertible Bonds of USD 200,000 each:

Notes to Financial statements (Continued)

- 1) FCCB's are convertible by the bondholders into Ordinary Shares or Global Depository Shares (GDSs) at any time on and after 15th July 2011 up to the close of business on 2nd July 2016. The FCCB's will be convertible at an initial conversion price of ₹ 282.84 per share and are listed on Singapore Stock Exchange.
 - 2) FCCB's are redeemable, in whole but not in part, at the option of the Company on or at any time after July 9, 2014, subject to the fulfillment of certain terms and obtaining requisite approvals.
 - 3) FCCB's are redeemable on maturity date of 9th July 2016 at par, if not redeemed or converted earlier.
 - 4) FCCB's carry an interest rate of LIBOR+3.5%.
- c) Term loans of ₹ 5,000 lacs (Previous year: ₹ 5,000 lacs) from bank carries interest rate 12% to 13% per annum. and repayable in 8 quarterly installments of ₹ 625 lacs starting from Jan, 2013.
- d) The Company has entered into an agreement with the Department of Biotechnology, Ministry of Science and Technology, Government of India ('DBT') for seeking assistance in the form of Grant/loan' under the DBT scheme, viz. Biotechnology Industry Partnership Program ('BIPP' scheme) in relation to projected of "Multi stacking genes to develop engineered rice with enhanced drought and multiple disease and pest tolerance" and "RNAi and other cutting edge technological interventions to develop insect-pest, diseases & viruses tolerant tomato hybrids for Indian & International markets" ("the projects"), in connection with the same the Company has received assistance in the form of loan at interest rate of 2%/3% for ₹ 63.93 lacs and in the form of Grant for ₹ 63.93 lacs. The unutilised grant of ₹ 46.07 lacs (Previous year - ₹ 58.47 lacs) is considered as other long term liabilities. The loan is secured by way of hypothecation of all equipment, apparatus, machineries, machinery spares and other accessories, goods and/or other movable property, and/or immovable property of the Company acquired for the project through contribution by the Company and/or by the DBT to a value equivalent to loan amount and interest thereon.

6. Other Long - term liabilities

| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
|--|--------------------------------|--------------------------------|
| Others | | |
| Deferred Government Grant (Refer sub note d of note 5) | 46.07 | 58.47 |
| | 46.07 | 58.47 |

7. Provisions

| | Long Term | | Short term | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
| Provisions for employee benefits | | | | |
| Provision for Leave benefits | 92.89 | 108.48 | 25.92 | 8.63 |
| Provision for Gratuity (Refer note 35) | 58.67 | 64.54 | 48.19 | 60.15 |
| Total | 151.56 | 173.02 | 74.11 | 68.78 |

Notes to Financial statements (Continued)

8. Short term borrowings

| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
|--|--------------------------------|--------------------------------|
| (a) On cash credit and working capital demand loan from banks | | |
| (i) Secured (Refer note a&b below) | 650.00 | 3,338.90 |
| (ii) Unsecured (Refer note a below) | - | 1,500.00 |
| (b) Loans from related parties (Unsecured) (Refer note c below) | 1,300.00 | 3,140.00 |
| (c) Commercial paper (Unsecured) (Refer note d below) | 1,500.00 | 1,500.00 |
| Total | 3,450.00 | 9,478.90 |
| The above amount includes | | |
| Secured borrowings | 650.00 | 3,338.90 |
| Unsecured borrowings | 2,800.00 | 6,140.00 |
| Note: | | |
| a. Cash credit and working capital demand loans carry an interest rate ranging from 10% to 14.5% per annum. | | |
| b. Cash credit and working capital demand loans are secured by pari passu first charge by way of hypothecation of entire stocks of raw materials, finished goods, work-in-process, consumable stores and spares and such other movable including book-debts, outstanding monies, receivables, both present and future. | | |
| c. Unsecured loan from related parties are repayable on demand and carry interest rate of 13% per annum. | | |
| d. Commercial paper carry average interest rate of 10% per annum. These are repayable in January 2013. | | |

9. Trade Payables and Other Current Liabilities

| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
|--|--------------------------------|--------------------------------|
| Trade Payables (refer note 30 for details of dues to micro and small enterprises) | 1,743.01 | 2,763.38 |
| Other Liabilities | | |
| Current Maturities of long term borrowings (Refer note 5) | 2,500.00 | - |
| Interest Accrued but not due on borrowings | 728.05 | 704.49 |
| Interest Accrued and due on borrowings | 135.78 | 87.50 |
| Investor Education and Protection Fund will be credited by following amounts (as and when due) | | |
| - Unpaid Dividend | 0.11 | 0.11 |
| Provision for mark to market losses on derivatives (net) | 690.53 | 1,036.70 |
| Other Payable | | |
| Advance from customers | 153.21 | 334.78 |
| Advance from subsidiaries / due to subsidiaries | 1,000.86 | 421.20 |
| Trade Deposits | 153.65 | 135.75 |
| Capital Goods creditors | 3.77 | 8.11 |
| Statutory Liabilities | 215.83 | 218.05 |
| | 5,581.79 | 2,946.69 |

Notes to Financial statements (Continued)

10. Tangible Assets

(₹ in lacs)

| Description of Assets | GROSS BLOCK | | | DEPRECIATION/AMORTISATION | | | NET BLOCK | | |
|-------------------------|------------------------|--|----------------------------|---------------------------|--------------------|--|----------------------------|----------------------|--------------------|
| | As at 1-Jan-12 | Additions on account of amalgamation (Refer note 26) | Deductions during the year | As at 31-Dec-2012 | As at 1-Jan-2012 | Additions on account of amalgamation (Refer note 26) | Deductions during the year | As at 31-Dec-2012 | As at 31-Dec-2011 |
| Land-Freehold | 129.92 (129.92) | - (-) | - (-) | 129.92 (129.92) | - (-) | - (-) | - (-) | 129.92 (129.92) | 129.92 (129.92) |
| Building | 510.96 (494.56) | 5.99 (16.40) | 2.58 (-) | 519.53 (510.96) | 157.27 (142.28) | 1.20 (-) | 15.51 (14.99) | 345.55 (353.69) | 353.69 (352.28) |
| Plant and Machinery | 1,607.95 (1,535.51) | 257.93 (-) | 123.57 (90.31) | 1,988.83 (1,607.95) | 751.69 (680.83) | 61.54 (-) | 94.72 (84.09) | 1,080.92 (856.26) | 856.26 (854.68) |
| Furniture and Fixtures | 261.71 (230.65) | 30.53 (-) | 9.84 (31.06) | 302.08 (261.71) | 104.01 (82.98) | 10.67 (-) | 26.20 (21.03) | 161.20 (157.70) | 157.70 (147.67) |
| Motor Vehicles | 120.24 (127.74) | 40.65 (-) | - (-) | 143.11 (120.24) | 110.47 (98.52) | 37.26 (-) | 7.33 (18.89) | 137.63 (110.47) | 9.77 (29.22) |
| Lease hold Improvements | 59.22 (59.22) | - (-) | - (-) | 59.22 (59.22) | 7.97 (2.34) | - (-) | 5.63 (5.63) | 45.62 (51.25) | 51.25 (56.88) |
| Total 2012 | 2,690.00 | 335.10 | 135.99 | 3,142.69 | 1,131.41 | 110.67 | 149.39 | 1,768.69 | 1,558.58 |
| Total 2011 | (2,577.60) | (-) | (137.77) | (2,690.00) | (1,006.95) | (-) | (144.63) | (1,131.41) | (1,570.65) |

Notes:

* Include ₹ 68.42 lacs due to change in depreciation policy (from WDV to SLM) of its subsidiary company on account of amalgamation. Figures in brackets represents amounts pertaining to previous year.

Notes to Financial statements (Continued)

11. Intangible Assets

(₹ in lacs)

| Description of Assets | GROSS BLOCK | | | | DEPRECIATION/AMORTISATION | | | | NET BLOCK | |
|-------------------------|------------------------|--|----------------------------|------------------------|---------------------------|--|-----------------------|----------------------------|------------------------|------------------------|
| | As at 1-Jan-12 | Additions on account of amalgamation (Refer note 26) | Deductions during the year | As at 31-Dec-2012 | As at 1-Jan-2012 | Additions on account of amalgamation (Refer note 26) | Provided for the year | Deductions during the year | As at 31-Dec-2012 | As at 31-Dec-2011 |
| Goodwill | 155.00 (155.00) | 541.43 (-) | - (-) | 696.43 (155.00) | - (-) | - (-) | - (-) | - (-) | 696.43 (155.00) | 155.00 (155.00) |
| Technical Knowhow | 1,095.35 (1,095.35) | - (-) | - (-) | 1,095.35 (1,095.35) | 848.85 (790.85) | - (-) | 58.00 (58.00) | - (-) | 906.85 (848.85) | 246.50 (304.50) |
| Technology License Fees | 32.00 (32.00) | - (-) | - (-) | 32.00 (32.00) | 32.00 (30.93) | - (-) | - (1.07) | - (-) | 32.00 (32.00) | - (1.07) |
| Germ Plasm | 815.49 (815.49) | - (-) | - (-) | 815.49 (815.49) | 337.59 (256.04) | - (-) | 81.55 (81.55) | - (-) | 419.14 (337.59) | 477.90 (559.45) |
| Software | 136.10 (136.10) | - (-) | - (-) | 136.10 (136.10) | 48.77 (35.16) | - (-) | 13.61 (13.61) | - (-) | 62.38 (48.77) | 87.33 (100.94) |
| Trade Marks / Brands* | 5804.71 (5,804.71) | 500.00 (-) | - (-) | 6,304.71 (5,804.71) | 2,757.23 (2,176.76) | 200.00 (-) | 630.48 (580.47) | - (-) | 3,587.71 (2,757.23) | 3,047.48 (3,627.95) |
| Total 2012 | 8,038.65 | 1,041.43 | - | 9,080.08 | 4,024.44 | 200.00 | 783.64 | - | 5,008.08 | 4,014.21 |
| Total 2011 | (8,038.65) | (-) | (-) | (8,038.65) | (3,289.74) | (-) | (734.70) | (-) | (4,014.21) | (4,748.91) |

Notes:

* The Company is in the process of transferring the same in its own name
Figures in brackets represents amounts pertaining to previous year

Notes to Financial statements (Continued)

12. Non Current Investments

| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
|---|--------------------------------|--------------------------------|
| A. Trade Investments (Valued at cost unless stated otherwise) | | |
| I. Investment in Equity Instruments | | |
| (i) Investment in Subsidiaries (Unquoted) | | |
| (a) 3,053 (Previous Year: 3,053) Equity shares of Euro 100 each, fully paid-up in Advanta Holdings B.V., Netherlands | 16,816.43 | 16,816.43 |
| (b) Nil (Previous Year: 611,007) Equity shares of ₹10 each, fully paid-up in Unicorn Seeds Private Limited, India (Refer Note 26) | - | 4,866.33 |
| (c) 99,000 (Previous Year: 99,000) Equity shares of \$ 1 each, fully paid-up in Pt Advanta Indonesia | 52.00 | 52.00 |
| (d) 49,994 (Previous Year: 49,994) Equity shares of ₹10 each, fully paid-up in Advanta Seeds Limited | 5.00 | 5.00 |
| (e) 2 (Previous Year: 2) Ordinary Shares of \$ 1 each, fully paid-up in Advanta Seed International, Mauritius | 0.00 | 0.00 |
| Total I | 16,873.43 | 21,739.76 |
| II. Investments in Preference Shares (Unquoted) | | |
| Investment in Subsidiaries | | |
| 6,393 (Previous Year: 5,923) Preference shares of Euro 5,000 each, fully paid-up in Advanta Holdings B.V., Netherlands | 20,994.14 | 19,383.76 |
| Total II | 20,994.14 | 19,383.76 |
| Total A (I+II) | 37,867.57 | 41,123.52 |
| B. Non Trade Investment (valued at cost unless stated otherwise) | | |
| Investment in Government or trust Securities (Unquoted) | | |
| National Savings Certificate | 0.42 | 0.41 |
| Indira Vikas Patra | 0.11 | 0.11 |
| Total B | 0.53 | 0.52 |
| Total Non Current Investments | 37,868.10 | 41,124.04 |
| Note: Aggregate amount of unquoted investments | 37,868.10 | 41,124.04 |

Notes to Financial statements (Continued)

13. Loans and Advances

| | Non Current | | Current | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
| Advances and Loans to Subsidiaries | | | | |
| Unsecured, Considered good | 34,968.26 | 40,410.19 | - | - |
| A | 34,968.26 | 40,410.19 | - | - |
| Capital Advance | | | | |
| Unsecured, Considered good | 53.29 | 5.65 | - | - |
| B | 53.29 | 5.65 | - | - |
| Sundry Deposits | | | | |
| Unsecured, Considered good | 144.95 | 393.31 | - | - |
| Doubtful | 34.95 | - | - | - |
| | 179.90 | 393.31 | - | - |
| Provision for doubtful sundry deposits | 34.95 | - | - | - |
| C | 144.95 | 393.31 | - | - |
| Advances Recoverable in cash or kind | | | | |
| Unsecured, Considered good | 103.59 | 183.72 | 205.25 | 147.00 |
| Doubtful | 307.24 | 159.15 | - | - |
| | 410.83 | 342.87 | 205.25 | 147.00 |
| Provision for Doubtful advances | 307.24 | 159.15 | - | - |
| D | 103.59 | 183.72 | 205.25 | 147.00 |
| Other Loans and Advances (Unsecured) | | | | |
| Advance Income Tax (Net of Provision for taxation) | 2,009.29 | 1,698.92 | - | - |
| Prepaid Expenses | - | - | 21.25 | 36.86 |
| E | 2,009.29 | 1,698.92 | 21.25 | 36.86 |
| Total (A+B+C+D+E) | 37,279.38 | 42,691.79 | 226.50 | 183.86 |

14. Current Investments

| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
|---|--------------------------------|--------------------------------|
| Current portion of long-term investment (valued at cost) | | |
| Investments in Preference Shares (Unquoted) | | |
| Investment in Subsidiaries | | |
| Nil (Previous Year: 750,000) 1% Redeemable Cumulative Preference shares of ₹ 10 each, fully paid-up in Unicorn Seeds Private Limited, India (Refer Note 26) | - | 100.00 |
| Total | - | 100.00 |

Notes to Financial statements (Continued)

15. Inventories (at lower of cost and net realisable value)

| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
|---|--------------------------------|--------------------------------|
| Packing Materials | 26.25 | 180.20 |
| Work-in-Progress | 1,039.41 | 385.51 |
| Raw Seeds | 0.44 | 47.80 |
| Finished Goods | | |
| - Basic Seeds | 1.87 | 1,401.96 |
| - Hybrid Seeds (including in transit ₹ 114.12 lacs (previous year ₹ Nil)) | 233.94 | 3,020.23 |
| | 235.81 | 4,422.19 |
| Total | 1,301.91 | 5,035.70 |

16. Trade Receivable and other assets

16.1. Trade Receivable

| | Current | |
|--|--------------------------------|--------------------------------|
| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
| Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment | | |
| Secured, considered good | 107.36 | 72.59 |
| Unsecured and considered good | - | 2.52 |
| Doubtful | 798.45 | 664.42 |
| | 905.81 | 739.53 |
| Provision for doubtful receivables | 798.45 | 664.42 |
| | 107.36 | 75.11 |
| Other receivables | | |
| Unsecured and considered good | 1,247.96 | 2,277.24 |
| Total | 1,355.32 | 2,352.35 |

16.2. Other Assets

| | Current | |
|--|--------------------------------|--------------------------------|
| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
| Unsecured Considered good unless stated otherwise Unamortized expenditure | | |
| Share Issue expenses (Refer note 46) | 84.41 | 48.41 |
| | 84.41 | 48.41 |
| Others | | |
| Interest accrued on loans and advances to subsidiaries | 2,038.96 | 286.63 |
| Reimbursement receivable from group companies | 2,045.63 | 1,512.65 |
| Interest accrued on fixed deposits | 4.51 | 3.08 |
| Dividend receivable on investment in subsidiary | - | 79.66 |
| | 4,089.10 | 1,882.02 |
| Total | 4,173.51 | 1,930.43 |

Notes to Financial statements (Continued)

17. Cash and Bank Balances

| | Current | |
|--|--------------------------------|--------------------------------|
| | As at 31-Dec-2012 ₹ Lacs | As at 31-Dec-2011 ₹ Lacs |
| Cash & Cash equivalents | | |
| Balance with banks | | |
| On Current Accounts | 329.79 | 893.70 |
| On Deposits with original maturity of less than three months | - | 1.45 |
| On Unpaid Dividend Accounts | 0.11 | 0.11 |
| Cash on Hand | 0.37 | 0.50 |
| Remittance in Transit | - | 390.48 |
| | 330.27 | 1,286.24 |
| Other Bank Balances | | |
| Deposits with original maturity for more than twelve months | 2.46 | 21.30 |
| Margin Money Deposit (Under lien with bank) | 425.00 | 425.00 |
| | 427.46 | 446.30 |
| Total | 757.73 | 1,732.54 |

18. Revenue from operations

| | Current Year ₹ Lacs | Previous Year ₹ Lacs |
|---|--------------------------------|---------------------------------|
| Revenue from operations | | |
| Sale of Products | 8,411.27 | 13,113.34 |
| | 8,411.27 | 13,113.34 |
| Other Operating revenue | | |
| Sale of Remnants | 31.96 | 137.47 |
| Royalty income | 640.51 | - |
| Price Variance/Adjustment for Previous Year | 361.87 | - |
| Government Grant (Refer sub note d of note 5) | 12.41 | 5.46 |
| Market Study Fees | 489.80 | - |
| Provisions written back | 215.41 | 35.61 |
| Lease rent income | 112.50 | - |
| Commission Income | - | 441.71 |
| Miscellaneous Income | 14.08 | 144.20 |
| | 1,878.54 | 764.45 |
| Total | 10,289.81 | 13,877.79 |
| Details of Product sold | Current Year ₹ Lacs | Previous Year ₹ Lacs |
| Seeds | 8,411.27 | 13,113.34 |

Notes to Financial statements (Continued)

19. Other income

| | Current Year ₹ Lacs | Previous Year ₹ Lacs |
|--------------------------------------|------------------------|-------------------------|
| Interest income on | | |
| Bank Deposits | 80.28 | 49.15 |
| Loans to Subsidiaries | 2,420.25 | 3,003.44 |
| Dividend Income on | | |
| Investment in subsidiary | 0.75 | 0.75 |
| Gain on buy back of debentures | 60.50 | - |
| Exchange difference (Net) | 92.85 | 65.82 |
| Profit on sale of Fixed Assets (net) | 2.31 | - |
| Miscellaneous Income | - | 47.27 |
| Total | 2,656.94 | 3,166.43 |

20. Cost of Raw material consumed

| | ₹ Lacs | Current Year ₹ Lacs | Previous Year ₹ Lacs |
|--|--------|------------------------|-------------------------|
| Inventories at the beginning of the year | 47.80 | | 748.72 |
| Add: Produced | 754.48 | | 1,926.05 |
| Less: Inventories at the end of the year | 0.44 | | 47.80 |
| Consumption of Raw Seed | | 801.84 | 2,626.97 |
| Purchase of seeds | | 1,171.20 | 2,112.90 |
| Chemical and Fertilizer consumed | | 57.31 | 243.83 |
| Freight Inwards | | 14.47 | 144.79 |
| Total | | 2,044.82 | 5,128.49 |

| Details of raw material consumed | Current Year ₹ Lacs | Previous Year ₹ Lacs |
|----------------------------------|------------------------|-------------------------|
| Seeds | 2,044.82 | 5,128.49 |

21. (Increase) / Decrease in Inventories

| | ₹ Lacs | Current Year ₹ Lacs | Previous Year ₹ Lacs |
|--|----------|------------------------|-------------------------|
| Inventories at the end of the year | | | |
| Work-in-Process | 1,039.41 | | 385.51 |
| Finished Goods | 235.81 | | 4,422.19 |
| | | 1,275.22 | 4,807.70 |
| Inventories at the beginning of the year | | | |
| Work-in-Process | 385.51 | | 309.31 |
| Finished Goods: | | | |
| Balance as per last financial statements | 4,422.19 | | 4,199.16 |
| Add: Adjustment on account of amalgamation of the subsidiary company (Refer Note 26) | 647.25 | | - |
| | | 5,454.95 | 4,508.47 |
| Total | | 4,179.73 | (299.23) |

Notes to Financial statements (Continued)

22. Employee benefits expense*

| | Current Year ₹ Lacs | Previous Year ₹ Lacs |
|---|------------------------|-------------------------|
| Salaries, Wages and Bonus | 487.66 | 1,378.31 |
| Contribution to Provident and Other Funds (Refer note 35) | 28.07 | 116.63 |
| Gratuity expenses (Refer note 35) | 32.97 | 42.95 |
| Staff Welfare Expenses | 46.73 | 79.30 |
| Total | 595.43 | 1,617.19 |

* Refer to note 34 on expenditure reimbursement

23. Other Expenses*

| | ₹ Lacs | Current Year ₹ Lacs | Previous Year ₹ Lacs |
|--|--------|------------------------|-------------------------|
| Power and Fuel | | 24.87 | 70.11 |
| Seed Processing and Other Charges | | 89.23 | 869.72 |
| Repairs | | | |
| - Buildings | - | | 1.48 |
| - Machinery | 2.62 | | 5.20 |
| - Others | 13.86 | | 41.32 |
| | | 16.48 | 48.00 |
| Rent* (Refer Note 36) | | 98.82 | 642.96 |
| Rates and Taxes | | 8.43 | 20.97 |
| Insurance | | 8.93 | 15.95 |
| Packing Material Consumed | | 235.02 | 460.33 |
| Travelling and Conveyance | | 99.69 | 177.11 |
| Communication Expenses | | 15.35 | 38.56 |
| Printing and Stationery | | 5.79 | 14.46 |
| Advertisement and Sales Promotion | | 0.79 | 28.28 |
| Production and Farm Expenses | | 87.62 | 289.93 |
| Provision for Bad and Doubtful Debts / Advances | | 174.71 | - |
| Legal and Consultancy Charges (Refer Note below) | | 158.39 | 166.19 |
| Debit Balances written off | | 1.55 | 180.00 |
| Loss on sale of fixed Assets (Net) | | - | 2.85 |
| Miscellaneous Expenses | | 87.56 | 257.25 |
| Total | | 1,113.23 | 3,282.67 |

* Rent is including land lease charges of ₹ 2.71 lacs (Previous year ₹ 384.04 lacs)

* Refer to note 34 on expenditure reimbursement

Payments to Auditor

| Particulars | Current Year ₹ Lacs | Previous Year ₹ Lacs |
|-----------------------|------------------------|-------------------------|
| Audit fees | 19.00 | 21.00 |
| Fee for Certification | 2.19 | 0.32 |
| Taxation Matters | 0.75 | 0.75 |
| Other | 7.72 | 4.50 |
| Total | 29.66 | 26.57 |

Notes to Financial statements (Continued)

24. Finance Costs

| | Current Year ₹ Lacs | Previous Year ₹ Lacs |
|---|------------------------|-------------------------|
| Interest on: | | |
| Term loans | 850.18 | 955.66 |
| Debentures | 933.16 | 2,326.88 |
| Foreign Currency Floating Rate Guaranteed Convertible Bonds | 1,263.89 | 553.31 |
| Others | 423.02 | 805.18 |
| Exchange Difference - Net | 74.04 | 130.73 |
| Other Financials Charges | 15.06 | 16.69 |
| Cash and Advance Booking Discounts | - | 53.66 |
| Total | 3,559.35 | 4,842.11 |

25. Arrangement with United Phosphorous Limited

The Company has entered into a License Agreement effective from 2nd April 2012 with United Phosphorous Limited (UPL) to grant technical know-how for commercial exploitation, development, use and sale of its Licensed Products and use of brands. In consideration thereof, the Company has received a royalty at the rate of 7% of net sales revenue of its Licensed Products amounting to ₹ 640.51 lacs. Further, Company shall carry out research and development activity, as agreed, in connection with the Licensed Products and accordingly, the Company has received an amount of ₹ 1,115.00 lacs as per the agreement entered between both the parties.

26. Amalgamation of Unicorn Seeds Private Limited

Pursuant to the Scheme of Amalgamation ('the Scheme') under Sections 391 to 394 of the Companies Act, 1956, the Honorable High Court of Andhra Pradesh has pronounced an order on October 9, 2012 sanctioning the Scheme of amalgamation of Unicorn Seeds Private Limited ('Unicorn'), a wholly owned subsidiary of the Company with the Company from the appointed date viz April 1, 2011. The Scheme became effective on November 23, 2012 upon filing of the said order with the Registrar of Companies, Hyderabad. Consequently, all the assets and liabilities of the Unicorn have been transferred to and vested in the Company with effect from April 1, 2011. The scheme has accordingly been given effect to in these accounts.

The Assets and Liabilities of Unicorn as on the appointed date are set out below:

| Particulars | Amount ₹ in Lacs |
|-----------------------------|---------------------|
| Sources of Funds | |
| Share Capital | 136.10 |
| Reserves & surplus | 158.78 |
| Loan Funds | 1,527.20 |
| Deferred Tax Liability, net | 4.82 |
| Total | 1,826.90 |
| Application of Funds | |
| Fixed Assets | 1,021.25 |
| Investments | 0.01 |
| Net Current Assets | 805.64 |
| Total | 1,826.90 |

Notes to Financial statements (Continued)

The amalgamation has been accounted for under the "pooling of interest" method referred to in the Accounting Standard 14 - Accounting for Amalgamation, as prescribed by the Scheme. Accordingly, all the assets, liabilities and other reserves of Unicorn as on April 1, 2011 have been aggregated at their respective book values.

The Company was holding the entire paid-up capital of Unicorn and hence no consideration has been issued for the aforesaid amalgamation. Further the share capital of Unicorn has been cancelled and the corresponding amount of ₹ 136.10 lacs has been credited to the Capital Reserve.

In accordance with the scheme, the cost of investment in the equity share capital and preference share capital of Unicorn aggregating to ₹ 4,966.32 has been debited to the Securities Premium of the Company.

The accounts of Unicorn for the year ended December 31, 2011 were finalised as a separate entity. The net loss amounting to ₹ 160.36 lacs of Unicorn for the period April 1, 2011 to December 31, 2011 has been adjusted in the statement of profit and loss of the Company.

27. Contingent Liabilities as at the Balance Sheet date

Income tax matters under dispute:

Pending with authorities at various levels - ₹ 2,347.14 lacs (Previous Year: ₹ 1,846.75 lacs)

Service tax matters under dispute:

Pending with CESTAT, Bangalore ₹ 490.13 Lacs (Previous Year: Nil) exclusive of penal interest

Claims against the Company not acknowledged as debts ₹ 151.00 lacs (Previous Year: ₹ 8,008.09 lacs).

In respect of items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments/decisions pending at various forums/authorities. The management believes that the ultimate outcome of above proceeding will not have a material adverse effect on the company's financial position and results of operations.

Guarantee given by company on behalf of subsidiary companies ₹ 6,010.03 lacs (Previous Year: ₹ 8,798.77 lacs)

28. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 23.55 lacs (Previous Year: ₹ 54.39 lacs).

29. Government grants / subsidy

Capital Reserve represents State Investment subsidy sanctioned by the Government of Andhra Pradesh, for setting up of a unit at Toopran Mandal, Andhra Pradesh under Target 2000 Scheme of the State Government.

30. Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2012:

Based on the information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006", as at 31st December, 2012.

31. Employees Stock Option Plan (ESOP)

- a. The Company instituted an Employees Stock Option Scheme ("ESOPS") for certain employees as approved by the shareholders on September 20, 2006. During the year ended December 31, 2012, the following scheme is under operation:

Notes to Financial statements (Continued)

EMPLOYEES STOCK OPTION AND SHARES PLAN 2006

| Particulars | As at 31-Dec-2012 | As at 31-Dec-2011 |
|--------------------------------------|--|--|
| Dates of Grant | 27-Feb-12 | 27-Sep-06 |
| Dates of Board Approval | 27-Feb-12 | 13-Sep-06 |
| Date of Shareholders Approval | 20-Sep-06 | 20-Sep-06 |
| Number of options granted | 140,656 | 76,651 |
| Method of Settlement (Cash / Equity) | Equity | Equity |
| Vesting Period | Spread over 4 years and 6 months | Spread over 4 years and 6 months |
| Exercise Period | 10 years | 10 years |
| Vesting Conditions | 50% of the options granted is conditional upon the Company meeting annual performance benchmarks based on parameters set by the Remuneration Committee | 50% of the options granted is conditional upon the Company meeting annual performance benchmarks based on parameters set by the Remuneration Committee |

- b. The details of the activity have been summarized below:

| Particulars | As at 31-Dec-2012 | As at 31-Dec-2011 |
|--|------------------------|------------------------|
| | (No. of equity shares) | (No. of equity shares) |
| Outstanding at the beginning of the year | 5,446 | 33,259 |
| Exercisable at the beginning of the year | 54,170 | 65,809 |
| Granted during the year | 64,005 | 3,028 |
| Forfeited during the year | Nil | 7,970 |
| Exercised during the year | 8,931 | 2,223 |
| Options lapsed during the year | Nil | 11,432 |
| Vested during the year | 2,672 | 11,439 |
| Expired during the year | 2,677 | 20,855 |
| Outstanding at the end of the year | 66,779 | 5,446 |
| Exercisable at the end of the year | 45,234 | 54,170 |

- c. Stock options granted:

During the year, 64,005 stock options were granted. The weighted average fair value of the stock option granted during the year is ₹ 343.75. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

| Particulars | Current Year | Previous Year |
|--|---|---|
| Weighted average share price/market price (₹ per share) | 343.75 | 285.00 |
| Exercise Price (₹ Per share) | 285.00 | 285.00 |
| Expected Volatility | 64.49% | 43% |
| Life of the options granted (Vesting and exercise period) in years | Vesting period + 18 months i.e. 3 years, 4 years, 5 years, and 6 years, for each Vesting tranche of 25% | Vesting period + 18 months i.e. 3 years, 4 years, 5 years, and 6 years, for each Vesting tranche of 25% |
| Expected Dividends | 0.30% per annum | 1.40% per annum |
| Average risk-free interest rate | 8.04% per annum | 7.50% per annum |

Notes to Financial statements (Continued)

- d. Effect of the employee option plan on the statement of profit and loss and on its financial position:

| Particulars | Current Year ₹ In lacs | Previous Year ₹ In lacs |
|---|---------------------------|----------------------------|
| Total employee compensation cost pertaining to stock option plan | 5.94 | - |
| Liability for employee stock option plan outstanding as at the year end | 5.94 | - |

- e. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value method is as under:

| Particulars | Current Year ₹ lacs | Previous Year ₹ lacs |
|--|------------------------|-------------------------|
| Net Profit/(Loss) as reported | 294.17 | 1,418.66 |
| Add - Employee stock compensation under intrinsic value method | 5.94 | - |
| Less - Employee stock compensation under fair value method | 21.38 | 7.66 |
| Proforma Profit/(Loss) | 278.74 | 1,411.00 |
| Earning per share (₹) | | |
| Basic | | |
| - as reported | 1.74 | 8.42 |
| - Proforma | 1.65 | 8.37 |
| Diluted | | |
| - as reported | 1.73 | 8.34 |
| - Proforma | 1.64 | 8.30 |

32. Segment Information

a. Business Segment:

The Company has considered Business segment as the primary segment for disclosure. The Company is engaged in research, production and distribution of Hybrid seeds, which in the context of Accounting Standards 17 issued by the Institute of Chartered Accountants of India is considered the only Business Segment.

b. Geographical Segment:

Secondary segmental information is based on the geographical location of the customers. The geographical segment have been disclosed based on revenues within India (sales to customers in India) and revenues outside India (sales to customer located outside India.)

Information about Secondary Geographical Segments

| Particulars | India (₹ in lacs) | Outside India (₹ in lacs) | Total (₹ in lacs) |
|--|----------------------|------------------------------|----------------------|
| Revenue | 6,942.60 | 1,468.67 | 8,411.27 |
| | (12,565.03) | (548.31) | (13,113.34) |
| Carrying amount of segment assets | 13,368.57 | 75,459.57 | 88,828.14 |
| | (23,834.13) | (76,914.37) | (100,748.50) |
| Additions to fixed assets including capital work in progress | 1,512.52 | - | 1512.52** |
| | (168.42) | - | (168.42) |

* Includes Investments ₹ 37,862.57 lacs (Previous year ₹ 36,252.19 lacs), Loans and Advances ₹ 34,968.26 lacs (Previous year ₹ 40,360.94 lacs), Trade Receivable ₹ 589.78 lacs (Previous year ₹ 4.65 lacs) and Other Current Assets ₹ 2,038.86 lacs (Previous year ₹ 296.60 lacs)

** Additions to fixed assets includes ₹ 1,376.52 lacs on account of merger

Note: Figures in brackets represents amounts pertaining to the previous year.

Notes to Financial statements (Continued)

33 Related Party Disclosures

a. Names of related parties where control exist irrespective of whether transactions have occurred or not:

Subsidiaries

| Name of the Company | Country of Incorporation |
|--|--------------------------|
| Advanta Holdings B.V. | Netherlands |
| Advanta Netherlands Holding B.V. | Netherlands |
| Advanta Finance B.V. | Netherlands |
| Advanta International B.V. | Netherlands |
| Pacific Seeds (Thai) Limited | Thailand |
| Pacific Seeds Holdings (Thai) Limited | Thailand |
| Pacific Seeds Pty Ltd | Australia |
| Advanta Semillas SAIC | Argentina |
| Advanta Seeds International | Mauritius |
| Longreach Plant Breeders Management Pty Limited | Australia |
| PT Advanta Seeds Indonesia | Indonesia |
| Advanta US Inc | USA |
| Unicorn Seeds Private Limited -Merged with Advanta India (refer note 26) | India |
| Advanta Seeds Limited | India |
| Advanta Comercio De Sementas LTDA | Brazil |
| Advanta B V I Limited | British Virgin Islands |

b. Names of other related parties with whom transactions have taken place during the year:

Enterprises having Significant Influence

United Phosphorus Limited
 Jai Research Foundation
 PT United Phosphorus Indonesia
 Demuric Holdings Private Limited
 Swal Corporation Limited

Key Managerial Personnel

Mr. V. R.Kaundinya – Managing Director

Notes to Financial statements (Continued)

c. Transactions with related parties during the year and balances at year end:

A. United Phosphorus Limited

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Purchase of Goods | 242.08 | 1.95 |
| Sale of Goods | 6,672.75 | 12,275.73 |
| Advance Booking Discounts | - | 53.66 |
| Reissue of Non Convertible Debentures | 2,500.00 | - |
| Repurchase of Non Convertible debentures | 3,800.00 | 21,300.00 |
| Commercial Paper issued | 1,500.00 | 1,500.00 |
| Commercial Paper redeemed | 1,500.00 | - |
| Lease Rent Income | 112.50 | - |
| Commission Income | - | 441.71 |
| Royalty | 640.51 | - |
| Loan received | 1,300.00 | 3,140.00 |
| Loan repaid | 940.00 | 2,200.00 |
| ABS Advance | - | 206.13 |
| Advance | 274.59 | - |
| Reimbursement of expenses made | 49.14 | 26.51 |
| Reimbursement of expenses received -R&D (refer note 34) | 1,115.00 | - |
| Reimbursement of expenses received-Others (refer note 34) | 263.61 | - |
| Interest Expense | 903.08 | 2,949.28 |
| Transfer of Employee Balances | 113.54 | - |
| Transfer of Customer Balances | 17.58 | - |
| Balance as on the Balance Sheet date: | | |
| Interest Payable | 281.05 | 388.97 |
| Loan Payable | 1,300.00 | 940.00 |
| Current Asset | 1,114.37 | 2,719.73 |
| Current Liabilities | 15.26 | 717.63 |

B. Advanta Netherlands Holdings BV

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Reimbursement of expenses received -R&D (refer note 34) | 190.38 | 212.96 |
| Reimbursement of expenses received-Others (refer note 34) | 760.46 | 612.83 |
| Balance as on the Balance Sheet date: | | |
| Current Asset | 771.23 | 882.71 |
| Current Liabilities | 84.10 | 79.66 |

C. Advanta Semillas SAIC, Argentina

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Reimbursement of expenses received-Others | 59.42 | 98.39 |
| Balance as on the Balance Sheet date: | | |
| Current Assets | 211.81 | 140.03 |
| Contingent liability (Corporate Guarantee given (Refer Note no 27) | 3,299.70 | 3,717.35 |

Notes to Financial statements (Continued)

D. Pacific Seeds Pty Limited

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Reimbursement of expenses received-Others | - | 0.03 |
| Reimbursement of expenses made | 30.39 | 21.52 |
| Sale of goods | 1.40 | - |
| Purchase of goods | 114.09 | 3.21 |
| Balance as on the Balance Sheet date: | | |
| Current Asset | 110.74 | 135.52 |
| Current Liabilities | 147.15 | 31.49 |

E. Pacific Seeds (Thai) Limited

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Sales of Goods | 259.93 | - |
| Purchase of Goods | 7.48 | 30.78 |
| Balance as on the Balance Sheet date: | | |
| Current Assets | 119.68 | - |
| Current Liabilities | 7.76 | 21.18 |
| Contingent liability (Corporate Guarantee given (Refer Note no 27)) | 2,567.73 | 2,426.17 |

F. Pacific Seeds Holdings (Thai) Limited

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Balance as on the Balance Sheet date: | | |
| Current Liabilities | 5.39 | 5.05 |

G. Advanta Seeds International

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Sales of Goods | 419.25 | 451.70 |
| Reimbursement of expenses received-Others (refer note 34) | 454.67 | 237.51 |
| Reimbursement of expenses made | - | 46.68 |
| Interest income | 26.41 | - |
| Advance Received | 1,023.09 | 299.85 |
| Loan given | 1,014.20 | - |
| Loan given received back | 1,017.50 | - |
| Balance as on the Balance Sheet date: | | |
| Interest receivable | 26.85 | - |
| Current Assets | 361.87 | 261.74 |
| Current Liabilities | 995.47 | 355.37 |
| Dividend receivable | - | 79.90 |

Notes to Financial statements (Continued)

H. Jai Research Foundation

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Reimbursement of expenses received-Others | - | 15.81 |
| Balance as on the Balance Sheet date: | | |
| Current Asset | 4.56 | 4.56 |

I. Advanta US Inc

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Balance as on the Balance Sheet date: | | |
| Contingent liability (Corporate Guarantee given (Refer Note no 27)) | - | 2,655.25 |

J. Advanta Comercio De Sementas LTDA Brazil

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Balance as on the Balance Sheet date: | | |
| Contingent liability (Corporate Guarantee given (Refer Note no 27)) | 142.60 | - |

K. Unicorn Seeds Private Limited

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Sales of Goods | - | 197.46 |
| Purchases | - | 44.13 |
| Reimbursement of expenses received-Others | - | 61.73 |
| Reimbursement of Expenses made | - | 8.15 |
| Interest Income | - | 106.31 |
| Dividend Received | - | 0.75 |
| Loan Given | - | 300.00 |
| Advance Given | - | 490.00 |
| Advance Repaid | - | 905.12 |
| Balance as on the Balance Sheet date: | | |
| Loan | - | 1,400.00 |
| Current Assets | - | 293.70 |
| Current Liabilities | - | 8.20 |
| Unicorn Seeds Private Limited has merged with the company effective April 1,2011 (refer note no 26) | | |

Notes to Financial statements (Continued)

L. Advanta Holdings B V

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Interest Income | 2,393.85 | 2,897.13 |
| Loan Given | 1,009.25 | 23,953.95 |
| Loan Repaid | 4,894.10 | 21,279.86 |
| Investment in Preference Shares | 1,610.38 | - |
| Advance | - | 1,637.89 |
| Balance as on the Balance Sheet date: | | |
| Loan | 34,968.26 | 37,363.93 |
| Current Asset | 2,012.11 | 1,863.20 |

M. PT Advanta Seeds Indonesia

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Reimbursement of expenses received-Others (refer note 34) | 46.71 | 39.50 |
| Sale of Goods | - | 2.66 |
| Balance as on the Balance Sheet date: | | |
| Current Asset | 61.90 | 13.19 |

N. PT United Phosphorus Indonesia

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Balance as on the Balance Sheet date: | | |
| Current Asset | - | 1.45 |

O. Demuric Holdings Private Limited

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Loan received | 1,000.00 | 2,200.00 |
| Loan Paid | 3,200.00 | - |
| Interest Expenses | 87.47 | 78.35 |
| Balance as on the Balance Sheet date: | | |
| Interest Payable | 100.59 | 24.29 |
| Loan Payable | - | 2,200.00 |

P. Swal Corporation Limited

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Interest Expenses | 239.64 | - |
| Balance as on the Balance Sheet date: | | |
| Interest Payable | 131.80 | - |

Q. Key Managerial Personnel and their relatives

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--------------|-----------------------------|------------------------------|
| Remuneration | 175.61 | 122.11 |

Notes to Financial statements (Continued)

34. During the year company has entered into an agreement with its group company for cost sharing of research & development and other expenses. Further the company has an arrangements with its subsidiary companies for cost sharing. Pursuant to that the company has recovered ₹ 2,830.85 lacs (Previous Year ₹ 1,102.80 lacs) and the same has been adjusted against the respective expenses as under:

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Salaries, Wages and Bonus | 1,082.49 | 487.40 |
| Contribution to Provident and Other Funds | 81.19 | 29.35 |
| Gratuity expenses | 40.44 | 12.74 |
| Staff Welfare Expenses | 73.38 | 26.80 |
| Total - A | 1,277.50 | 556.29 |
| Power and Fuel | 50.79 | 9.78 |
| Repairs | 24.97 | 4.03 |
| Rent | 138.32 | 83.88 |
| Travelling & Conveyance | 406.68 | 152.27 |
| Communication | 54.64 | 24.74 |
| Printing & Stationery | 15.37 | 13.34 |
| Productions & Farm Expenses | 341.50 | 52.08 |
| Legal & Consultancy charges | 103.57 | 63.92 |
| Misc. Expenses | 417.51 | 142.46 |
| Total - B | 1,553.35 | 546.51 |
| Total -(A+B) | 2,830.85 | 1,102.80 |

35. Details of Employee Benefits

(i) Defined Benefit Plans-Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Statement of profit and loss

| | Year Ended 31-Dec-2012 (₹ in lacs) | Year Ended 31-Dec-2011 (₹ in lacs) |
|---|--|--|
| Net employee benefit expenses (recognized in Employee Cost) | | |
| Current service cost | 23.53 | 23.77 |
| Interest cost on benefit obligation | 11.24 | 10.37 |
| Expected return on plan assets | (0.30) | (0.33) |
| Net actuarial loss/(gain) recognized during the Year | (1.50) | 9.14 |
| Net Benefit expense | 32.97 | 42.95 |
| Actual return on plan assets | 0.30 | - |

Balance sheet

| Details of provision for gratuity | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Defined benefit obligation | 123.66 | 128.18 |
| Fair value of plan assets | (16.80) | (3.49) |
| Plan liability | 106.86 | 124.69 |

Notes to Financial statements (Continued)

Changes in the present value of the defined benefit obligation are as follows:

| | Year Ended 31-Dec-2012 (₹ in lacs) | Year Ended 31-Dec-2011 (₹ in lacs) |
|--------------------------------------|--|--|
| Opening defined benefit obligation | 128.18 | 121.99 |
| Interest Cost | 11.24 | 10.37 |
| Current service cost | 23.53 | 23.77 |
| Liability transferred in | 13.89 | - |
| Liability transferred out | (46.94) | - |
| Benefits paid | (4.74) | (36.76) |
| Actuarial (gains)/loss on obligation | (1.50) | 8.81 |
| Closing defined benefit obligation | 123.66 | 128.18 |

Changes in the fair value of Plan Assets are as follows:

| | Year Ended 31-Dec-2012 (₹ in lacs) | Year Ended 31-Dec-2011 (₹ in lacs) |
|--|--|--|
| Opening fair value of plan assets | 3.49 | 4.13 |
| Expected return | 0.30 | 0.33 |
| Contributions made by employer during the Year | 1.13 | 36.12 |
| Transferred from other company | 16.60 | - |
| Benefits paid | (4.72) | (36.76) |
| Actuarial gains/ (loss) | 0.00 | (0.33) |
| Closing fair value of plan assets | 16.80 | 3.49 |

| | Year Ended 31-Dec-2012 (₹ in lacs) | Year Ended 31-Dec-2011 (₹ in lacs) |
|--|--|--|
| Expected contribution to defined benefit plan in the next year | 48.17 | 40.56 |

The major categories of plan assets as a percentage of fair value of total plan assets are as follows:

| | As at 31-Dec-2012 | As at 31-Dec-2011 |
|-----------------------------|----------------------|----------------------|
| Insurer Managed Funds (LIC) | 100% | 100% |

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in the expected rate of return on assets due to the improved stock market scenario.

The principal actuarial assumptions at the Balance Sheet date.

| | As at 31-Dec-2012 | As at 31-Dec-2011 |
|--|---------------------------|---------------------------|
| Discount rate | 8.25% | 8.75% |
| Expected rate of return on plan assets | 8.60% | 8.60% |
| Expected rate of salary increase | 6.00% | 6.00% |
| Employee Turnover | 2.00% | 2.00% |
| Mortality table | LIC (1994-96) Ultimate | LIC (1994-96) Ultimate |

Notes to Financial statements (Continued)

Experience adjustment for current year for gratuity:

| | Year Ended 31-Dec-2012 | Year Ended 31-Dec -2011 |
|----------------------------------|---------------------------|----------------------------|
| On plan assets loss / (gain) | (0.00) | 0.33 |
| On plan liabilities gain /(loss) | 7.89 | (12.53) |

Amounts for the current and previous four periods are as follows:

| | Year Ended 31-Dec-2012 (₹ in lacs) | Year Ended 31-Dec-2011 (₹ in lacs) | Year Ended 31-Dec-2010 (₹ in lacs) | Year Ended 31-Dec-2009 (₹ in lacs) | Year Ended 31-Dec-2008 (₹ in lacs) |
|----------------------------|--|--|--|--|--|
| Defined benefit obligation | 123.66 | 128.18 | 123.00 | 112.55 | 104.42 |
| Plan assets | (16.80) | (3.49) | (4.13) | (24.67) | (13.39) |
| Surplus/(deficit) | 106.86 | 124.69 | 118.87 | 87.88 | 91.03 |
| Experience adjustment on: | | | | | |
| Plan liability | (0.00) | (12.53) | 4.21 | (2.49) | (0.22) |
| Plan Assets | 0.30 | 0.33 | (0.12) | (13.09) | 7.00 |

Note:

The estimates of future salary increases, considered in actuarial valuation, takes account of Inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(ii) Defined contribution plan:

Amount of ₹ 28.07 lacs (Previous Year: ₹ 116.63 lacs) has recognised as an expense and included in Note 22 – 'Contribution to Provident and Other Funds' in the statement of profit and loss

36. Leases:

Operating Lease

Office Premises, motorcars are obtained on operating lease. The lease term is in the range of 3 years to 10 years and thereafter renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases. Lease rental expense for the year for the agreements entered into is ₹ 98.82 lacs including land lease charges of ₹ 2.71 lacs. (Previous Year: ₹ 642.96 lacs including land lease charges of ₹ 384.04 lacs)

37. Earnings Per Share:

Basic Earnings Per Share:

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Net Profit attributable to equity shareholders | 294.17 | 1,418.66 |
| Weighted Average Number of Equity Shares outstanding | 16,858,797 | 16,853,859 |
| Basic Earnings per share (₹): | 1.74 | 8.42 |
| Nominal value of equity shares (₹) | 10.00 | 10.00 |

Notes to Financial statements (Continued)

Diluted Earnings Per Share:

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Net Profit | 294.17 | 1,418.66 |
| Weighted Average Number of Equity Shares outstanding | 16,858,797 | 16,853,859 |
| Dilutive impact of employee stock options | 140,656 | 148,288 |
| Weighted Average Number of Equity Shares for computing diluted earnings per share | 16,999,453 | 17,002,147 |
| Diluted Earnings per share (₹) | 1.73 | 8.34 |
| Nominal value of equity shares (₹) | 10.00 | 10.00 |

Basic and Diluted earnings per share are calculated by dividing the net profit for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

38. Research and Development Expenses

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---------------------------------|-----------------------------|------------------------------|
| a) Revenue | | |
| Gross expenditure | 1,445.40 | 886.60 |
| Less: recharged (refer note 33) | 1,305.38 | 212.96 |
| Net Expenses | 140.02 | 673.64 |
| b) Capital | 123.44 | 105.78 |

Derivative Instruments and Un-hedged Foreign Currency Exposure:

39. Particulars of Unhedged foreign Currency Exposure as at the Balance Sheet date

| Particulars | Currency | As at 31-Dec-2012 (in lacs) | As at 31-Dec-2011 (in lacs) |
|---------------------|------------|-----------------------------------|-----------------------------------|
| Loan | USD | 407.67 | 530.15 |
| | EURO | 26.17 | - |
| FCCB | USD | 500.00 | 500.00 |
| Exports Debtors | USD | 3.90 | 0.09 |
| | EURO | 5.11 | - |
| Advance payable | USD | 18.10 | 6.69 |
| Other Receivables | USD | 8.10 | 10.95 |
| | EURO | 9.47 | - |
| Interest Receivable | USD | 12.38 | 4.09 |
| | EURO | 18.72 | - |
| Interest Payable | USD | 5.22 | 5.46 |
| Dividend Receivable | USD | - | 1.50 |
| Import Creditors | EURO | - | 1.40 |
| | USD | 1.02 | 2.48 |
| | AUD | 3.37 | 0.82 |
| | Thai Baths | 3.00 | 3.00 |

Notes to Financial statements (Continued)

40. Particulars of Derivatives contracts entered into for hedging purpose outstanding as at December 31, 2012 are as under

| Particulars | Currency | As at 31-Dec-2012 (in lacs) | As at 31-Dec-2011 (in lacs) |
|-----------------------------------|----------|-----------------------------|-----------------------------|
| Currency and Interest rates swaps | EURO | 146.86 | 158.03 |

41. In accordance with the Accounting Standard 26 issued by ICAI, the following information relates to Intangible assets

| Description of Assets | Current Year | | Previous Year | |
|-----------------------|---------------------------|------------------------------|---------------------------|------------------------------|
| | Carrying amount of assets | Remaining amortization years | Carrying amount of assets | Remaining amortization years |
| | (₹ in lacs) | | (₹ in lacs) | |
| Technical Know-how | 188.50 | 3 years | 246.50 | 4 years |
| Germ Plasm | 396.35 | 5 years | 477.91 | 6 years |
| Software | 73.72 | 5 years | 87.33 | 6 years |
| Trade Marks / Brands | 2,717.00 | 5 years | 3,047.48 | 6 years |

42. Value of imports on C.I.F. basis

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---------------------|--------------------------|---------------------------|
| Capital Expenditure | 34.54 | - |
| Purchase of Seeds | 633.21 | 407.98 |

43. Expenditure in Foreign Currency (on accrual basis)

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--------------------------------|--------------------------|---------------------------|
| Travel | 62.68 | 26.27 |
| Legal and Professional Charges | 89.63 | 58.06 |
| Interest | 1,263.89 | 553.31 |
| Reimbursement of expenses | 30.39 | 68.20 |
| Others Expenses | 102.61 | 61.57 |

44. Earnings in Foreign Exchange (on accrual basis)

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|--------------------------|---------------------------|
| Value of exports of goods on F.O.B. value | 1,830.54 | 548.32 |
| Interest Income | 2,420.25 | 2,897.13 |
| Reimbursement of expenses | 1,511.64 | 1,201.22 |
| Others | - | 104.47 |

Notes to Financial statements (Continued)

45. Exceptional item

Exceptional item reflects a charge of ₹ 470.42 lacs arising out of settlement of litigation with a vendor.

46. Up to December 31, 2012, the Company has incurred ₹ 84.41 lacs (Previous Year: ₹ 48.41 lacs) in connection with the proposed rights issue of its equity shares. This amount shall be adjusted against securities premium arising from the proposed rights issue of equity shares, as permitted under section 78 of the Companies Act, 1956. Accordingly, this amount has been carried forward and disclosed under the note 16.2 'Unamortized expenditure'.
47. In August 2012, the Company has made an application to the Central Government (MCA) seeking its approval for the re-appointment of Mr.V. R. Kaundinya as Managing Director of the Company for a period of 3 years at a maximum remuneration of ₹ 200 lacs per annum for the period starting from 10th July 2012, as the remuneration to be paid by the company is in excess of limit prescribed under the Companies Act, 1956. The approval is awaited in this regard. Pending approval, the remuneration is paid to the Managing Director on the basis of existing approval.
48. During the year ended 31 December 2012, the revised Schedule VI notified under the Companies act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet. In view of the arrangement with UPL (refer note 25) and amalgamation of Unicorn Seeds Private Limited (refer note 26) the figures for the current year are not comparable with previous year.

As per our Report of even date

For S. R. Batliboi & Associates

Firm Registration Number: 101049W

Chartered Accountants

per Sudhir Soni

Partner

Membership Number: 41870

Place : Jaipur

Date : February 8, 2013

For and on behalf of the Board of Directors of
Advanta India Limited

Vikram R. Shroff

Director

Manoj Gupta

Chief Financial Officer

Place : Jaipur

Date : February 8, 2013

V. R. Kaundinya

Managing Director

Pushpalatha K

Company Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956, related to Subsidiary Companies for the year ended 31st December, 2012

| Sr. No. | Name of the subsidiary Company | Financial Year | Shareholding | | The net aggregate of Profit / (Loss) of the subsidiary for the above financial year so far as they concern the members of the Company and is not dealt within the accounts of the Company | | Change in the Holding Company's Interest in the subsidiaries between the end of the financial year of the subsidiary and the end of the holding company's financial year | Material changes which have occurred between the end of the aforesaid financial year of the subsidiaries and the end of the holding company's financial year in respect |
|---------|---|----------------|---------------------------|-----|---|---------------------------|--|---|
| | | | Number of Shares (Equity) | % | Financial Year ended on 31-Dec-2012 (₹ In Lacs) | Previous Year (₹ In Lacs) | | |
| 1 | Advanta Holdings BV | 31/12/2012 | 3,053 | 100 | (1,113.35) | (2,058.07) | Not Applicable as financial year coincides with that of the Holding Company | As the financial year of both holding and subsidiary companies coincides, there are no particulars to furnish |
| 2 | Advanta Netherlands Holdings BV | 31/12/2012 | 180 | 100 | 1,608.02 | 1,917.26 | do | do |
| 3 | Advanta International BV | 31/12/2012 | 180 | 100 | (458.82) | (463.38) | do | do |
| 4 | Advanta Finance BV | 31/12/2012 | 180 | 100 | 3,159.31 | 191.09 | do | do |
| 5 | Advanta Semillas S A I C | 31/12/2012 | 17,469,633 | 100 | (796.16) | (777.93) | do | do |
| 6 | Longreach Plant Breeders Management P Ltd | 31/12/2012 | 88,223 | 70 | (959.11) | (706.32) | do | do |
| 7 | Pacific Seeds Pty Ltd | 31/12/2012 | 5,000,000 | 100 | (632.46) | 1,327.88 | do | do |
| 8 | Pacific Seeds Holdings (Thailand) Ltd | 31/12/2012 | 1,000 | 100 | 500.36 | (970.11) | do | do |
| 9 | Pacific Seeds (Thailand) Ltd | 31/12/2012 | 600,000 | 100 | 628.14 | 1,088.29 | do | do |
| 10 | Advanta Seed International | 31/12/2012 | 2 | 100 | 3,491.43 | 859.76 | do | do |
| 11 | Unicorn Seeds Private Limited * | 31/12/2012 | - | - | - | (318.06) | do | do |
| 12 | Advanta US Inc | 31/12/2012 | 1,000 | 100 | 958.20 | 269.09 | do | do |
| 13 | Advanta Seeds Limited | 31/12/2012 | 50,000 | 100 | (1.55) | 0.14 | do | do |
| 14 | Pt Advanta Seeds Indonesia | 31/12/2012 | 100,000 | 100 | 53.00 | (315.16) | do | do |
| 15 | Advanta Comercio De Sementes LTDA | 31/12/2012 | 480,443 | 100 | (817.36) | (273.31) | do | do |
| 16 | Advanta B.V I Ltd | 31/12/2012 | 50,000 | 100 | - | - | do | do |

* Unicorn Seeds Private Limited got merged with Advanta India Limited w.e.f. 1st April, 2011.

Abridged Financial Information of subsidiaries as at 31.12.2012

| Sr. No | Subsidiary | Location / Country | Reporting Currency | Capital | Reserves | Total Assets | Total Liabilities (Net of Reserves & Capital) | Details of Investment (Except in case of Investment in subsidiaries) | Turnover | Profit / Loss Before Taxation | Provision for Taxation / (Inc) | Profit / Loss After Taxation | Proposed Dividend |
|--------|---|------------------------|--------------------|-----------|------------|--------------|---|--|-----------|-------------------------------|--------------------------------|------------------------------|-------------------|
| 1 | Advanta Finance BV | Netherlands | Euro | 13.06 | 25,249.45 | 28,621.66 | 3,359.16 | - | - | 3,241.93 | 82.62 | 3,159.31 | - |
| 2 | Advanta Holdings BV | Netherlands | Euro | 23,405.71 | 7,268.14 | 104,122.11 | 73,448.26 | - | - | (1,011.64) | 101.71 | (1,113.35) | - |
| 3 | Advanta International BV | Netherlands | Euro | 13.06 | (2,178.98) | 11,586.25 | 13,752.18 | - | 56.49 | (602.34) | (143.52) | (458.82) | - |
| 4 | Advanta Netherlands Holdings BV | Netherlands | Euro | 13.06 | 50,876.87 | 59,961.33 | 9,071.40 | - | - | 2,134.61 | 526.60 | 1,608.02 | - |
| 5 | Advanta US Inc | USA | US \$ | 453.16 | 2,086.92 | 26,603.86 | 24,063.77 | - | 15,580.02 | 1,398.17 | 439.97 | 958.20 | - |
| 6 | Pacific Seeds Holdings (Thailand) | Thailand | THB | 1.80 | (1,688.21) | 13,086.65 | 14,773.06 | - | - | 665.82 | 165.46 | 500.36 | - |
| 7 | Pacific Seeds Thai Ltd | Thailand | THB | 1,078.68 | 11,056.22 | 15,727.41 | 3,592.51 | - | 14,043.31 | 1,947.74 | 405.97 | 628.14 | 913.63 |
| 8 | Advanta Seed International | Mauritius | US \$ | 0.00 | 15,460.93 | 25,705.16 | 10,244.23 | - | 15,022.43 | 3,598.40 | 106.97 | 3,491.43 | - |
| 9 | Advanta Semillas S A I C | Argentina | US \$ | 7,482.47 | (4,717.93) | 18,061.78 | 15,297.24 | - | 21,564.80 | (982.02) | (185.85) | (796.16) | - |
| 10 | LongReach Plant Breeders Management Pty Ltd | Australia | AU \$ | 4,031.68 | (6,044.48) | 7,136.42 | 9,149.21 | - | 168.38 | (1,517.93) | (558.82) | (959.11) | - |
| 11 | Pacific Seeds Pty Ltd | Australia | AU \$ | 2,852.32 | 16,298.41 | 40,420.15 | 21,269.42 | - | 32,800.51 | 2,624.73 | 481.24 | (632.46) | 2,775.96 |
| 12 | Unicorn Seeds Private Limited * | India | INR | - | - | - | - | - | - | - | - | 0.00 | - |
| 13 | Advanta Seeds Limited | India | INR | 5.00 | (4.45) | 0.60 | 0.05 | - | - | (1.55) | - | (1.55) | - |
| 14 | Pt Advanta Seeds Indonesia | Indonesia | IDR | 62.38 | (338.97) | 1,909.30 | 2,185.89 | - | 1,497.33 | 70.67 | 17.67 | 53.00 | - |
| 15 | Advanta Comercio De Sementes LTDA | Brazil | BRL | 129.05 | (1,154.30) | 3,096.48 | 4,121.74 | - | 1,438.64 | (1,238.43) | (421.06) | (817.36) | - |
| 16 | Advanta B.V.I. Ltd | British Virgin Islands | US \$ | 27.50 | - | 28.72 | 1.23 | - | - | - | - | - | - |

* Unicorn Seeds Private Limited got merged with Advanta India Limited. w.e.f. 1st April, 2011

Note: Exchange Rates considered for above calculation

| Particulars | Euro | US \$ | THB | AU \$ | IDR | BRL |
|--|-------|-------|------|-------|------|-------|
| Closing Rate (For Balance Sheet Items) | 72.53 | 55.00 | 1.80 | 57.05 | 0.01 | 26.86 |
| Average Rate (For Profit and Loss Items) | 70.61 | 54.05 | 1.74 | 55.52 | 0.01 | 27.66 |

Consolidated Financial Statements

Auditors' Report

The Board of Directors
Advanta India Limited

1. We have audited the attached consolidated balance sheet of Advanta India Limited ('the Company') and its subsidiaries (the Advanta Group), as at December 31, 2012, the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto (all together referred to as 'the consolidated financial statements'). These financial statements are the responsibility of Advanta India Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Advanta U.S. Inc., U.S.A, and Advanta Seeds International, Mauritius whose financial statements prepared; under the generally accepted accounting principles ('GAAP') accepted in the United States of America ('US GAAP') and International Financial Reporting Standards ('IFRS') respectively in the aggregate reflect, total assets, revenues, and net cash flows of ₹ 32,719.47 lacs, ₹ 29,877.20 lacs, and ₹ 1,689.77 lacs respectively. The financial statements of these subsidiaries have been prepared in accordance with accounting policies generally accepted as per the US GAAP and IFRS and have been audited by other auditors who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the shareholders of the respective companies, copies of which have been provided to us by the Company. The management of the Company has converted these audited financial statements of the Company's subsidiaries to accounting principles generally accepted in India, for the purpose of preparation of the Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors under the accounting policies generally accepted in respective countries and our audit of the conversion process followed by management.
4. We did not audit the financial statements of subsidiaries, whose financial statements prepared under the generally accepted accounting principles accepted in India, reflect in relation to the amounts considered in the consolidated financial statements; total assets of ₹ 147,111.74 lacs as at December 31, 2012, the total revenue of ₹ 94,877.12 lacs, and the cash inflows amounting to ₹ 1,244.54 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of such subsidiaries, read with Paragraph 3 above, is based solely on the report of other auditors.
5. The Auditor of a subsidiary company, viz. Longreach Plant Breeders Management Pty Ltd whose financial statements reflect total assets, revenues, loss and cash flows of ₹ 7,132.69 lacs, ₹168.38 lacs, ₹ 1,517.93 lacs, and ₹ 145.33 lacs respectively, has drawn attention in the audit report relating to the Going Concern Assumption, i.e. the financial statements having been prepared on going concern basis, despite the accumulated losses exceeding the paid up share capital as at December 31, 2012 on the basis of representations of financial and operational support from the Company.

6. The Auditor of a subsidiary company, viz. Advanta Comercio de Sementes Ltda whose financial statements reflect total assets, revenues, loss, and cash flows of ₹ 3,110.84 lacs, ₹ 1,438.64 lacs, ₹1,238.43 lacs, and ₹ 740.63 lacs respectively, has drawn attention in the audit report relating to the Going Concern Assumption i.e. the financial statements having been prepared on going concern basis, despite the negative working capital, negative equity and accumulating significant operating losses as at December 31, 2012 on the basis of representations of financial and operational support from the Company.
7. The Auditor of a subsidiary company, viz. PT Advanta Seeds Indonesia whose financial statements reflect total assets, revenues, gain, and cash flows of ₹ 1,908.81 lacs, ₹ 1,497.33 lacs, ₹ 70.67 lacs, and ₹ 92.08 lacs respectively, has drawn attention in the audit report relating to the Going Concern Assumption i.e. the financial statements having been prepared on going concern basis, despite the negative working capital, negative equity and accumulating significant operating losses as at December 31, 2012 on the basis of representations of financial and operational support from the Company.
8. Without qualifying our opinion we draw attention to Note No. 48 to the consolidated financial statements, the remuneration paid to the Managing Director of the Company is in excess of the limits specified in Schedule XIII of the Companies Act, 1956 by ₹ 152.14 Lacs (Previous Year: ₹ Nil) for which steps are being taken by the Company to obtain Central Government approval. Pending, final outcome of the Company's application, no adjustments have been made to the financial statements.
9. *As indicated in Note No.33 to the consolidated financial statements, the Group had, recognized deferred tax asset aggregating ₹ 4,431.26 lacs on the unused tax losses in the consolidated financial statements for the year ended December 31, 2011. During the year ended December 31, 2012, the Group has further recognized deferred tax asset of ₹ 898.60 lacs in the statement of profit and loss. There is no virtual certainty as required by Accounting Standard (AS) 22, 'Accounting for Taxes on Income' to indicate that it is probable that the said companies will have sufficient taxable profit against which such deferred tax assets can be utilized. As a result of above, the consolidated profit after taxation for the year ended December 31, 2012 are higher by ₹ 898.60 lacs (Previous Year: higher by ₹ 1,547.47 lacs) and deferred tax assets and reserves and surplus as at December 31, 2012 are higher by ₹ 5,329.85 lacs (Previous Year: higher by ₹ 4,431.26 lacs). (Refer Note No. 33). Our audit report on the consolidated financial statements for the year ended December 31, 2011 was also modified in respect of the above matter.*
10. *As indicated in Note No.33 to the consolidated financial statements, the group had recognized MAT credit entitlement amounting to ₹ 507.16 lacs in the consolidated financial statements for the year ended December 31, 2012. There is no convincing evidence as required by guidance note on "Accounting for credit available in respect of Minimum alternate Tax under the Income-tax Act, 1961" issued by "The Institute of Chartered Accountants of India" to indicate that it is probable that the said company will have normal income tax liability within the specified period against which such MAT Credit entitlement can be utilized. As a result of above, the consolidated profit after taxation for the year ended December 31, 2012 are higher by ₹ 507.16 lacs (Previous Year: Nil) and Loans and Advances and reserves and surplus as at December 31, 2012 are higher by ₹ 507.16 lacs (Previous Year: Nil).*
11. *Consolidated Segment Information has not been given in the consolidated financial statements as required by Accounting Standard (AS) 17, 'Segment Reporting' for reasons explained in Note 40. The said disclosure does not have any impact on the profit for the year and the reserves as at December 31, 2012. Our audit report on the consolidated financial statements for the year ended December 31, 2011 was also modified in respect of the above matter.*

12. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *except for the effects of matters stated in paragraphs 9, 10 and 11 above as described therein*, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Advanta India Limited Group as at December 31, 2012;
- (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Associates

Firm registration number: 101049W

Chartered Accountants

per Sudhir Soni

Partner

Membership No.: 41870

Place : Jaipur

Date : February 8, 2013

Consolidated Balance Sheet as at 31st December, 2012

| | Notes | As at 31-Dec-2012 ₹ in Lacs | As at 31-Dec-2011 ₹ in Lacs |
|--|--------------|-----------------------------------|-----------------------------------|
| Equity and Liabilities | | | |
| Shareholders' Funds | | | |
| Share Capital | 3 | 1,686.31 | 1,685.42 |
| Reserves and Surplus | 4 | 54,970.09 | 52,501.90 |
| | | 56,656.40 | 54,187.32 |
| Non-Current Liabilities | | | |
| Long-term borrowings | 5 | 44,961.43 | 47,922.64 |
| Deferred Tax Liabilities (Refer Note No. 33) | 6 | 2,092.41 | 1,936.93 |
| Other long-term liabilities | 7 | 46.07 | 58.47 |
| Long-term provisions | 8 | 1,133.64 | 938.96 |
| | | 48,233.55 | 50,857.00 |
| Current Liabilities | | | |
| Short-term borrowings | 9 | 12,989.84 | 19,232.72 |
| Trade Payables | 10 | 26,237.59 | 20,582.92 |
| Other Current Liabilities | 10 | 13,151.01 | 5,721.94 |
| Short Term Provisions | 8 | 1,810.84 | 2,151.83 |
| | | 54,189.28 | 47,689.41 |
| | Total | 159,079.23 | 152,733.73 |
| Assets | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| - Tangible Assets | 11 | 12,278.46 | 10,820.29 |
| - Intangible Assets | 12 | 57,674.59 | 61,485.27 |
| - Capital Work-in-Progress (Refer note no. 35) | | 2,950.46 | 2,258.19 |
| Non Current Investments | 13 | 0.55 | 0.55 |
| Deferred Tax Assets (Refer Note No. 33) | 6 | 7,681.70 | 7,455.39 |
| Long-term loans and advances | 14 | 2,819.23 | 2,429.85 |
| Other Non-current assets | 15 | 539.34 | 504.81 |
| | | 83,944.33 | 84,954.35 |
| Current Assets | | | |
| Inventories | 16 | 29,686.47 | 26,328.04 |
| Trade Receivables | 17 | 25,119.05 | 23,876.61 |
| Cash and Bank balances | 18 | 14,860.17 | 14,604.14 |
| Short Term Loans and Advances | 14 | 3,672.96 | 2,141.01 |
| Other Current Assets | 15 | 1,796.25 | 829.58 |
| | | 75,134.90 | 67,779.38 |
| | Total | 159,079.23 | 152,733.73 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For S. R. Batliboi & Associates
Firm Registration Number: 101049W
Chartered Accountants

per Sudhir Soni
Partner
Membership Number: 41870

Place : Jaipur
Date : February 8, 2013

For and on behalf of the Board of Directors of
Advanta India Limited

Vikram R. Shroff
Director

Manoj Gupta
Chief Financial Officer

Place : Jaipur
Date : February 8, 2013

V. R. Kaundinya
Managing Director

Pushpalatha K
Company Secretary

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

| | Notes | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|--|-------|---------------------------|----------------------------|
| INCOME | | | |
| Revenue from operations (net) | 19 | 106,794.95 | 94,862.17 |
| Other Income | 20 | 504.51 | 352.75 |
| Total Revenue (i) | | 107,299.46 | 95,214.92 |
| Expenses | | | |
| Cost of raw material consumed | 21 | 36,067.63 | 27,215.75 |
| (Increase) / Decrease in Inventories | 22 | 586.48 | 5,317.51 |
| Employee benefit expenses | 23 | 14,703.82 | 13,865.99 |
| Other Expenses | 24 | 38,653.76 | 35,230.77 |
| Total (ii) | | 90,011.69 | 81,630.02 |
| Profit before interest,tax,depreciation and amortization (i)-(ii) | | 17,287.77 | 13,584.90 |
| Depreciation and Amortisation expense | | 3,238.19 | 2,645.97 |
| Finance Cost | 25 | 6,798.95 | 8,259.69 |
| Profit/ (loss) before exceptional item and tax | | 7,250.63 | 2,679.24 |
| Exceptional Item | 45 | 470.42 | 238.24 |
| Prior Period Adjustments | 47 | - | 62.95 |
| Profit/ (loss) before tax | | 6,780.21 | 2,378.05 |
| Tax expenses | | | |
| - Current Tax | | 1,821.35 | 1,211.97 |
| - Tax effect of earlier years | | - | - |
| - MAT credit entitlement | | (207.00) | (133.86) |
| - Deferred Tax Charge | | (872.27) | 70.89 |
| - Short/(Excess) Provision for Taxation for earlier years | | 101.86 | - |
| Total tax expense | | 843.94 | 1,149.00 |
| Profit/(loss) for the year | | 5,936.27 | 1,229.05 |
| Earnings per share: | | | |
| | 34 | | |
| Basic earning per share before exceptional items (₹) | | 38.00 | 8.71 |
| Basic earning per share after exceptional items (₹) | | 35.21 | 7.29 |
| Diluted earning per share before exceptional items (₹) | | 30.75 | 8.63 |
| Diluted earning per share after exceptional items (₹) | | 28.87 | 7.23 |
| Face Value Per Share (in ₹) | | 10.00 | 10.00 |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For S. R. Batliboi & Associates

Firm Registration Number: 101049W

Chartered Accountants

per Sudhir Soni

Partner

Membership Number: 41870

Place : Jaipur

Date : February 8, 2013

For and on behalf of the Board of Directors of
Advanta India Limited

Vikram R. Shroff

Director

Manoj Gupta

Chief Financial Officer

Place : Jaipur

Date : February 8, 2013

V. R. Kaundinya

Managing Director

Pushpalatha K

Company Secretary

Consolidated Cash Flow Statement for the year ended 31st December, 2012

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|--|---------------------------|----------------------------|
| Cash flow from operating activities | | |
| Profit before exceptional item and tax | 7,250.63 | 2,679.24 |
| Non-cash adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation and Amortization | 3,238.19 | 2,645.97 |
| Profit on sale of fixed assets | (153.82) | (28.24) |
| Bad debts | 63.95 | 204.62 |
| Provision for doubtful debts and advances | 232.26 | 91.69 |
| Debit balances written off | 1.55 | 180.00 |
| Provision for litigation | 42.43 | 3.62 |
| Excess Provision written back | (374.43) | (189.98) |
| Unrealised Exchange difference | (535.80) | 1,603.96 |
| Miscellaneous Income | (71.87) | (47.27) |
| Assets written off | - | 0.20 |
| Provision for stock damages | 899.12 | - |
| Unrealised gain on forward contract | (34.83) | - |
| Interest and Other Financial charges | 5,860.51 | 6,655.73 |
| Interest (income) | (278.82) | (177.51) |
| Operating profit before working capital changes | 16,139.07 | 13,622.03 |
| Movements in working capital: | | |
| Increase/ (decrease) in trade payables & Other current liabilities | 10,930.97 | 4,828.16 |
| Increase / (decrease) in long-term and short-term provisions | 351.18 | 449.33 |
| Decrease / (increase) in trade receivables | (1,355.61) | (8,263.08) |
| Decrease / (increase) in inventories | (4,257.55) | 5,971.35 |
| Decrease / (increase) in long-term and short-term loans and advances | (980.51) | (435.80) |
| Decrease / (increase) in other current assets | (931.84) | (95.91) |
| Cash generated from / (used in) operations before exception items and taxes | 19,895.71 | 16,076.08 |
| Exceptional item | (470.42) | (238.24) |
| Prior period adjustment | - | (62.95) |
| Direct taxes paid (net of refunds) | (2,722.11) | (1,025.63) |
| Net cash flow from/ (used in) operating activities (A) | 16,703.18 | 14,749.26 |
| Cash flows from investing activities | | |
| Purchase of fixed assets, including CWIP and capital advances | (5,002.46) | (3,291.85) |
| Proceeds from sale of fixed assets | 296.26 | 640.68 |
| Payment of milestone liability | (539.92) | (1,021.61) |
| Investments / Redemption in bank deposits (having original maturity of more than three months) | (15.69) | (36.76) |
| Interest received | 278.82 | 177.51 |
| Net cash flow from/ (used in) investing activities (B) | (4,982.99) | (3,532.03) |

Consolidated Cash Flow Statement
for the year ended 31st December, 2012 (Continued)

| | Current Year ₹ in Lacs | Previous Year ₹ in Lacs |
|---|---------------------------|----------------------------|
| Cash flows from financing activities | | |
| Proceeds from issuance of equity share capital | 25.45 | - |
| Share application money | - | (0.06) |
| Miscellaneous expenditure | - | 4.02 |
| FCCB / Debenture Issue Expenses | - | (695.77) |
| Utilization of government grant | (12.40) | - |
| Proceeds of long-term borrowings | 2,500.00 | 29,865.05 |
| Repayment of long-term borrowings | (2,753.88) | (24,742.09) |
| Proceeds/(Repayment) of short-term borrowings | (6,242.88) | - |
| Dividend paid | - | (0.22) |
| Interest paid | (5,430.01) | (5,804.31) |
| Net cash flow from/ (used in) in financing activities (C) | (11,913.72) | (1,373.38) |
| Exchange difference on FCTR (D) | 468.40 | (865.26) |
| Net increase/(decrease) in cash and cash equivalents (A + B + C + D) | 274.87 | 8,978.59 |
| Cash and cash equivalents at the beginning of the year | 14,157.84 | 5,179.25 |
| Cash and cash equivalents at the end of the year | 14,432.71 | 14,157.84 |
| Components of cash and cash equivalents | | |
| Cash on hand | 4.96 | 9.44 |
| Remittance in transit | - | 390.48 |
| With banks | | |
| - on current account | 12,149.94 | 9,845.45 |
| - on deposit account | 2,277.70 | 3,912.36 |
| - unpaid dividend accounts* | 0.11 | 0.11 |
| Total cash and cash equivalents (note 18) | 14,432.71 | 14,157.84 |
| Summary of significant accounting policies | 2.1 | |
| * These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities | | |

As per our Report of even date

For S. R. Batliboi & Associates

Firm Registration Number: 101049W
Chartered Accountants

per Sudhir Soni

Partner
Membership Number: 41870

Place : Jaipur
Date : February 8, 2013

For and on behalf of the Board of Directors of
Advanta India Limited

Vikram R. Shroff
Director

Manoj Gupta
Chief Financial Officer

Place : Jaipur
Date : February 8, 2013

V. R. Kaundinya
Managing Director

Pushpalatha K
Company Secretary

Notes to Consolidated Financial Statements for the year ended 31st December 2012

1. CORPORATE INFORMATION

Advanta India Limited ('the Company') is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It shares are listed on two stock exchanges in India. Advanta India Limited and some of its subsidiaries are principally engaged in research, development, production, distribution and marketing of hybrid agricultural field crop seeds and plant seeds for agricultural use. Certain other subsidiaries are predominantly holding companies with investments in the companies engaged in development of hybrid seeds. Advanta India Limited and its subsidiaries are hereinafter collectively referred to as 'the Group'.

2. PRINCIPLES OF CONSOLIDATION

- (a) The Consolidated Financial Statements include financial statements of Advanta India Limited ('the Holding Company') and its subsidiaries. Subsidiaries are consolidated from the date on which effective control is transferred to the Group to the date such control exists.
- (b) The list of subsidiary companies considered for consolidation together with the proportion of shareholding held by the group is as follows:

% of holding directly or through subsidiaries

| Sr. No. | Name of the Company | Relationship | Country of Incorporation | 2012 | 2011 |
|---------|--|--------------|--------------------------|------|------|
| 1 | Advanta Holdings B.V. | Subsidiary | Netherlands | 100% | 100% |
| 2 | Advanta Netherlands Holding B.V. | Subsidiary | Netherlands | 100% | 100% |
| 3 | Advanta Finance B.V. | Subsidiary | Netherlands | 100% | 100% |
| 4 | Advanta International B.V. | Subsidiary | Netherlands | 100% | 100% |
| 5 | Pacific Seeds (Thai) Limited | Subsidiary | Thailand | 100% | 100% |
| 6 | Pacific Seeds Holdings (Thai) Limited | Subsidiary | Thailand | 100% | 100% |
| 7 | Pacific Seeds Pty Ltd | Subsidiary | Australia | 100% | 100% |
| 8 | Advanta Semillas SAIC | Subsidiary | Argentina | 100% | 100% |
| 9 | Advanta Seeds International | Subsidiary | Mauritius | 100% | 100% |
| 10 | Longreach Plant Breeders Management Pty Ltd. | Subsidiary | Australia | 70% | 70% |
| 11 | Advanta US Inc | Subsidiary | USA | 100% | 100% |
| 12 | Advanta Seeds Limited | Subsidiary | India | 100% | 100% |
| 13 | PT Advanta Seeds Indonesia | Subsidiary | Indonesia | 100% | 100% |
| 14 | Advanta Comercio De Sementes LTDA. | Subsidiary | Brazil | 100% | 100% |
| 15 | Unicorn Seeds Private Limited * | Subsidiary | India | - | 100% |
| 16 | Advanta (B.V.I) Ltd | Subsidiary | British Virgin Islands | 100% | 100% |

* During the year, Unicorn Seeds Private Limited is merged with the Holding Company.

Notes:

- i) The ownership interest as given above has been calculated based on the effective interest of Advanta India Limited in various subsidiaries, including the investments made by its subsidiaries
- ii) Pacific Seeds (Thai) Limited and Pacific Seeds Pty Limited are wholly owned subsidiaries of Pacific Seeds Holdings (Thailand) Limited and Advanta Holdings B.V. respectively as at December 31, 2012.
- iii) Advanta Semillas SAIC is 90% held by Advanta International B.V. and 10% held by Advanta Netherlands Holdings B.V. as at December 31, 2012.

Notes to Consolidated Financial Statements (continued)

- iv) 70% holding of Longreach Plant Breeders Management Pty Limited is held by Pacific Seeds Pty Ltd as at December 31, 2012.
 - v) Advanta Finance B.V., Advanta International BV and Pacific Seeds Holdings (Thailand) Limited are wholly owned subsidiaries of Advanta Netherlands Holdings B.V. as at December 31, 2012.
 - vi) Advanta Netherlands Holdings B.V., Advanta US Inc. and Advanta B.V.I Ltd are wholly owned subsidiaries of Advanta Holdings B.V. as at December 31, 2012.
 - vii) Advanta Holdings B.V., Advanta Seed International, and Advanta Seeds Limited are wholly owned subsidiaries of Advanta India Limited as at December 31, 2012.
 - viii) PT Advanta Seeds Indonesia is 99% held by Advanta India Limited and 1% held by Advanta Seed International Mauritius as at December 31, 2012.
 - ix) Advanta Comercio De Sementes LTDA. is wholly owned subsidiary of Advanta Holdings B.V. as at December 31, 2012.
- c) The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards notified by the Company's Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under historical cost convention on an accrual basis except for revaluation of land by a subsidiary Company Pacific Seeds Pty Ltd, Australia.

All the subsidiaries of the Holding Company are incorporated outside India except Advanta Seeds Limited. The activities of the subsidiaries are not an integral part of those of the Holding Company and hence, these have been considered to be Non-Integral foreign operations in terms of Accounting Standard 11 – 'The Effects of Changes in Foreign Exchange Rates'. Consequently, the assets and liabilities, both monetary and non-monetary, of such subsidiaries have been translated at the closing rates of exchange of the respective currencies as at December 31, 2012.

Changes have been made in the accounting policies followed by each of the subsidiaries to the extent they were material and identifiable from their respective audited financial statements to make them uniform with the accounting policies followed by the holding company. Where it has not been practicable to use uniform accounting policies in preparing the consolidated financial statements, the different accounting policies followed by each of the group company have been followed. (Refer Note No. 2.1 below)

As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Holding Company's separate financial statements.

The financial statements of the subsidiaries used for the purpose of consolidation are drawn upto the same reporting date as that of the Holding Company i.e. December 31, 2012.

The consolidated financials of the Group have been prepared on a line by line basis by adding together the book value of subsidiary companies like items of assets, liabilities, income and expenses, after eliminating intra group balance and the unrealised profit / losses or intra group transactions.

Notes to Consolidated Financial Statements (continued)

Preparation and disclosure of the financial statements:

During the year ended 31st December 2012 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Holding Company for preparation and presentation of its financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Group in the consolidated financials statements are stated hereunder. In case a uniform policy is not followed by each company in the group, the same, as disclosed in the audited financial statements of the said Company, has been reproduced, if material.

a) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

- i) Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with dispatch of goods to the customer. The sales are net of sales returns and expected sales returns.
- ii) Income from Services are recognized as and when the services are rendered.
- iii) Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv) Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.
- v) Royalty is recognised on an accrual basis in accordance with the terms of the relevant agreement.

Others

In case of subsidiaries engaged in development of hybrid seeds, revenue earned (net of returns) is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Government Grants

Grants from the government are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Government grants received in the nature of Investment Subsidy are treated as Capital Reserve.

Notes to Consolidated Financial Statements (continued)

d) Fixed Assets

Fixed assets are stated at cost (or revalued amounts as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

On such indication, the impairment loss (being the excess of carrying value over the recoverable value of the asset) is charged to the statement of profit and loss in the respective financial year. The impairment loss recognised in the prior years gets reversed where the recoverable value exceeds the carrying value of the asset upon re-assessment in the subsequent years.

f) Intangible Assets

Costs relating to all the intangible assets, which are acquired, are capitalized and amortized on a straight-line basis over their useful lives not exceeding ten years.

g) Depreciation and amortization

Depreciation

Holding Company

Depreciation on building and plant and machinery is provided for in the accounts on straight line method in accordance with the rates prescribed in Schedule XIV of the Indian Companies Act, 1956. Depreciation on other assets is provided using straight line method as per useful life of the assets estimated by the Management or at the rates prescribed under Schedule XIV of the Indian Companies Act, 1956 whichever is higher.

| | Rate (SLM) | Rate as per Schedule XIV (SLM) |
|------------------------|------------|--------------------------------|
| Furniture and Fixtures | 10% | 6.33% |
| Computers | 20% | 16.21% |
| Vehicles | 20% | 9.50% |
| Office Equipments | 10% | 4.75% |

Individual fixed assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

Lease hold improvements are depreciated over the period of lease which is generally ten years.

Notes to Consolidated Financial Statements (continued)

Foreign Subsidiary

In case of subsidiaries, depreciation is provided on the Straight Line Method as per the useful lives of the assets as determined by the management. These rates are given below:

| Asset Class | Estimated useful lives in years |
|------------------------|---------------------------------|
| Buildings | 4 to 50 |
| Plant and machinery | 4 to 13 |
| Office Equipment | 3 to 5 |
| Furniture and Fixtures | 5 to 10 |
| Motor Vehicles | 4 to 5 |
| Computer | 3 to 7 |

Amortization

Costs relating to intangible assets, which are acquired, are capitalized and amortized on a straight-line basis over their useful lives.

| Asset Class | Estimated useful lives in years |
|-------------------------|---------------------------------|
| Technical Know-how | 10 |
| Technology License Fees | 5 to 10 |
| Germ Plasm | 10 |
| Software | 10 |
| Project Sunsat | 10 |
| Trade Marks / Brands | 10 |

Goodwill arising on acquisition of business is not amortized.

h) Goodwill

Goodwill represents excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made. The goodwill is tested for impairment as at the Balance Sheet date.

i) Leases

Where the Company is the Lessee

i) Finance Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value of the leased property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

ii) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Notes to Consolidated Financial Statements (continued)

j) Investments

Presentation and Disclosure

Investments, which are readily realisable and intended to be held for not more than one year from Balance sheet date are classified as current investments. All other investments are classified as non-current investments.

Recognition and Measurement

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are recognised as current investments. All other investments are recognised as long-term investments and carried at cost of acquisition. However the carrying amount is reduced to recognise a decline, other than temporary, in the value of long term investments by a charge to the Statement of Profit and Loss. Current investments are stated at lower of cost or fair value determined on an individual investment basis.

k) Inventories

The method of valuation of various categories of inventories is as follows:

- (i) Store and Spares, Consumables and Packing material – Lower of cost and net realizable value. Cost is determined by weighted average method. In case of Pacific Seeds Pty Ltd., packing materials are valued on a standard cost basis. These standards are reviewed regularly and adjusted for significant variances.
- (ii) Raw Materials – Lower of cost and net realizable value. Cost is determined on a weighted average basis. In case of Pacific Seeds Pty Ltd., raw materials, components, stores and spares are valued on a standard cost basis. These standards are reviewed regularly and adjusted for significant variances. In case of Advanta US INC and Advanta Seeds Limited cost is determined on First in First out on specific identification basis.
- (iii) Work-in-progress and Finished Goods – Lower of cost and net realisable value. Work-in-progress comprises of cost of material and applicable overheads. In case of finished goods, the cost comprises of materials, direct labour and production overheads of the related crops. In case of finished goods, the cost is determined on standard cost basis in the Holding Company and in respect of other subsidiaries the cost is determined on absorption costing basis
- (iv) Traded goods are valued at lower of cost or net realisable value.

l) Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Notes to Consolidated Financial Statements (continued)

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses. Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or as expenses in the year in which they arise.

Exchange difference arising on financing activities are reflected under finance cost.

Translation of Non-integral foreign operation

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

m) Research and Development

Research expenditure is charged to revenue in the year in which it is incurred. Development expenditure is carried forward when its future recoverability can reasonably be regarded as assured and is amortised over the period of expected future benefit. Any expenditure carried forward will be amortised over the period of expected future sales from the related project.

n) Retirement and other employee Benefits

- i) Retirement benefits in the form of Provident Fund and Superannuation Fund are a defined contribution scheme and the contributions to the scheme are charged to the Statement of profit and loss of the year when the contributions to the respective funds are due. The Superannuation Fund scheme is funded with an insurance company in the form of a qualifying insurance policy.
- ii) The Holding Company has a defined benefit gratuity plan. The Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv) Actuarial gains / losses are immediately taken to the Statement of profit and loss and are not deferred.

Notes to Consolidated Financial Statements (continued)

o) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

p) Derivative Instruments

Certain subsidiaries use derivative financial instruments such as forward exchange contracts to hedge their risks associated with foreign currency fluctuations. The premium or discount arising at the inception of forward exchange contracts is amortised as income or expense over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit/loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. The derivative contracts not covered under AS-11 are marked to market on portfolio basis and net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net Gains are ignored.

q) Taxes on Income

Tax expense comprises of current and deferred tax. Current Income tax is determined based on the amount of tax payable in respect of taxable income for the year as per the laws of the respective countries. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 balance sheet 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 balance sheet 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 asset and deferred tax liabilities across various countries of operations are not set off against each other as the Company does not have legal right to do so.

Notes to Consolidated Financial Statements (continued)

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

r) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent Liabilities are not recognized but are disclosed in the Notes. These are reviewed at each Balance Sheet date and adjusted to reflect the correct best estimate. Contingent Assets are neither recognised nor disclosed in the financials statements.

s) Cash and Cash Equivalents

Cash and cash equivalents on the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

t) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

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.

3. Share Capital

| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
|---|-------------------------------------|-------------------------------------|
| Authorised shares | | |
| 60,620,000 (Previous Year: 60,000,000) Equity Shares of ₹ 10 /- each | 6,062.00 | 6,000.00 |
| 16,380,000 (Previous Year: 15,000,000) Preference Shares of ₹ 10 /- each | 1,638.00 | 1,500.00 |
| Issued,Subscribed and fully paid up shares | | |
| 16,863,143 (Previous Year: 16,854,212) Equity Shares of ₹ 10/- each fully paid-up | 1,686.31 | 1,685.42 |
| Total Issued,Subscribed and fully paid up share capital | 1,686.31 | 1,685.42 |

Notes to Consolidated Financial Statements (continued)

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

| | As at 31-Dec-2012 | | As at 31-Dec-2011 | |
|-------------------------------------|-------------------|----------|-------------------|----------|
| | No in Lacs | ₹ Lacs | No in lacs | ₹ Lacs |
| At the beginning of the year | 168.54 | 1,685.42 | 168.52 | 1,685.20 |
| Add: Issued during the year -ESOP | 0.09 | 0.89 | 0.02 | 0.22 |
| Out standing at the end of the year | 168.63 | 1,686.31 | 168.54 | 1,685.42 |

(b) Terms/rights attached to equity shares

The Company has one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

| | As at 31-Dec-2012 No in Lacs | As at 31-Dec-2011 No in lacs |
|--|------------------------------------|------------------------------------|
| Equity shares issued on 22nd January, 2007 for consideration other than cash to share holders of Uniphos Seeds and Biogenetics Private Limited pursuant to the scheme of amalgamation with the company | 33.775 | 33.775 |

(d) Details of shareholding more than 5% shares in the Company.

| Name of the shareholder | As on 31-Dec-2012 | | As on 31-Dec-2011 | |
|---|-------------------|------------------------|-------------------|------------------------|
| | No Lacs | % holding in the Class | No Lacs | % holding in the Class |
| United Phosphorus Limited | 84.00 | 49.81 | 84.00 | 49.84 |
| ICICI Prudential Life Insurance Company Limited | - | - | 10.21 | 6.06 |
| Jaidev R. Shroff | 10.15 | 6.02 | 10.15 | 6.02 |
| Vikram R. Shroff | 8.47 | 5.02 | 8.47 | 5.02 |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note no.28.

Notes to Consolidated Financial Statements (continued)

4. Reserves and Surplus

| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
|--|-------------------------------------|-------------------------------------|
| Capital Reserve | | |
| Balance as per last financial statements | 737.21 | 737.21 |
| Add: Adjustment on account of amalgamation of the subsidiary company (Refer Note no.27) | 136.10 | - |
| | 873.31 | 737.21 |
| Capital Redemption Reserve | | |
| Balance as per last financial statements | - | - |
| Add: Adjustment on account of amalgamation of the subsidiary company (Refer Note no.27) | 25.00 | - |
| | 25.00 | - |
| General Reserve | | |
| Balance as per last financial statements | 1,816.10 | 1,816.10 |
| Add: Adjustment on account of amalgamation of the subsidiary company (Refer Note no.27) | 36.04 | - |
| | 1,852.14 | 1,816.10 |
| Securities Premium Account | | |
| Balance as per last Balance Sheet | 34,566.00 | 35,255.66 |
| Add: Received during the year on issue of equity shares | 24.56 | 6.11 |
| Less: Adjustment on account of amalgamation of the subsidiary company (Refer Note no.27) | (4,966.33) | - |
| Less: Adjustment for FCCB issue expenses | - | (695.77) |
| | 29,624.23 | 34,566.00 |
| Revaluation Reserve | 569.54 | 569.54 |
| Debenture Redemption Reserve | | |
| Balance as per last financial statements | 1,418.66 | - |
| Add: Transfer from surplus Profit & Loss | 294.17 | 1,418.66 |
| | 1,712.83 | 1,418.66 |
| Employee Stock options outstanding | | |
| Gross employee stock compensation for options granted in earlier years | - | - |
| Add: Gross compensation for options granted during the year | 5.94 | - |
| | 5.94 | - |
| Foreign Currency Translation Reserve | | |
| Balance as per last financial statements | (70.21) | (3,450.18) |
| Add: Arisen during the year | 1,127.14 | 3,379.97 |
| | 1,056.93 | (70.21) |
| Surplus / (Deficit) in the statement of profit and loss | | |
| Balance as per last financial statements | 13,464.60 | 13,654.21 |
| Add: Adjustment on account of amalgamation of subsidiary company (Refer note 27) | 143.47 | - |
| Add: Profit / (loss) for the year | 5,936.27 | 1,229.05 |
| Less: Appropriations | | |
| Transfer to debenture redemption reserve | 294.17 | 1,418.66 |
| Total Appropriations | 294.17 | 1,418.66 |
| Net surplus / (Deficit) in the statement of profit and loss | 19,250.17 | 13,464.60 |
| Total reserve and surplus | 54,970.09 | 52,501.90 |

Notes to Consolidated Financial Statements (continued)

5. Long - term borrowings

| | Non Current Portion | | Current Maturities | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
| (a) Bonds/Debentures | | | | |
| Unsecured Redeemable Non Convertible Debentures (Refer note a below) | 14,900.00 | 16,200.00 | - | - |
| Foreign Currency Floating Rate Guaranteed Convertible Bonds (FCCB) (Unsecured) (Refer note b below) | 27,497.50 | 26,552.50 | - | - |
| (b) Term Loans | | | | |
| <u>From Banks</u> | | | | |
| Indian rupee loan (Unsecured) (Refer note c below) | 2,500.00 | 5,000.00 | 2,500.00 | - |
| (c) Other loans and advances | | | | |
| Long Term Note Payable | - | 106.21 | - | - |
| Loan from Department of Biotechnology (Secured) (Refer note d below) | 63.93 | 63.93 | - | - |
| | 44,961.43 | 47,922.64 | 2,500.00 | - |
| The above amount includes | | | | |
| Secured borrowings | 63.93 | 170.14 | - | - |
| Unsecured borrowings | 44,897.50 | 47,752.50 | 2,500.00 | - |
| Amount disclosed under the head "other current liabilities" (note 10) | - | - | (2,500.00) | - |
| Net Amount | 44,961.43 | 47,922.64 | - | - |

Notes:

- a) Unsecured Redeemable Non Convertible Debentures
- ₹ 14900 lacs (Previous year: ₹ 16200 lacs) non convertible debentures (NCDs) consisting of 1490 (Previous year: 1620) unsecured redeemable non convertible debentures of ₹ 10,00,000 each redeemable at par at the end of five years from the date of allotment viz 13th March 2010 or at every interest payment date, which is on quarterly basis at the option of the company.
 - NCD's carry a coupon rate of INBMK + 2% with a minimum floor price of 10% per annum.
 - As per the Information Memorandum for Non-convertible Debentures issued by the Company, the Company is authorised to purchase its own NCDs from time to time from the open market in accordance with the applicable laws. Pursuant to the said Information Memorandum, the Company, during the current year, has purchased and reissued NCDs and at year end, 130 NCDs are in the name of the Company as on 31st December 2012. Outstanding NCDs referred in Note No. 1 excludes the debentures held in the name of the Company as on 31st December 2012, in respect of which the Company shall have the right to re-issue the Debentures as and when the Company may deem fit.
- b) Foreign Currency Floating Rate Guaranteed Convertible Bonds (FCCB)
- 250 Floating Rate Guaranteed Convertible Bonds of USD 200,000 each are:
- FCCB are convertible by the bondholders into Ordinary Shares or Global Depository Shares (GDSs) at any time on and after 15th July 2011 up to the close of business on 2nd July 2016. The FCCB's will be convertible at a initial conversion price of ₹ 282.84 per share and are listed in Singapore Stock Exchange.

Notes to Consolidated Financial Statements (continued)

- 2) FCCB are redeemable, in whole but not in part, at the option of the Company on or at any time after July 9, 2014, subject to the fulfillment of certain terms and obtaining requisite approvals.
 - 3) FCCB are redeemable on maturity date of 9th July 2016 at par, if not redeemed or converted earlier.
 - 4) FCCB carry an interest rate of LIBOR + 3.5%
- (c) Term loans of ₹ 5,000 lacs (Previous year: ₹ 5,000 lacs) from bank carries interest rate 12% to 13% p.a. and repayable in 8 quarterly installments of ₹ 625 lacs starting from Jan,2013.
- (d) The Company has entered into an agreements with the Department of Biotechnology, Ministry of Science and Technology, Government of India ('DBT') for seeking assistance in the form of Grant/loan' under the DBT scheme, viz. Biotechnology Industry Partnership Program ('BIPP' scheme) in relation to projected of "Multi stacking genes to develop engineered rice with enhanced drought and multiple disease and pest tolerance" and "RNAi and other cutting edge technological interventions to develop insect-pest, diseases & viruses tolerant tomato hybrids for Indian & International markets" ("the projects"), in connection with the same the Company has received assistance in the form of loan at interest rate of 2%/3% for ₹ 63.93 lacs and in the form of Grant for ₹ 63.93 lacs. The unutilised grant of ₹ 46.07 lacs (Previous year - ₹ 58.47 lacs) is considered as other long term liabilities.

The loan is secured by way of hypothecation of all equipment, apparatus, machineries, machinery spares and other accessories, goods and/or other movable property, and/or immovable property of the Company acquired for the project through contribution by the Company and/or by the DBT to a value equivalent to loan amount and interest thereon.

6. Deferred Tax

| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
|---|-------------------------------------|-------------------------------------|
| Deferred Tax Liabilities | | |
| On account of depreciation / amortisation | 1,479.95 | 1,559.45 |
| Others | 612.46 | 377.48 |
| Total | 2,092.41 | 1,936.93 |
| Deferred Tax Assets | | |
| On provision for doubtful debtors and advances | 89.34 | 163.06 |
| On expenditure that is allowed on payment basis | 601.62 | 1,561.86 |
| Carry forward losses (Refer Note No. 33) | 4,700.98 | 3,950.89 |
| Others | 2,289.76 | 1,779.58 |
| Total | 7,681.70 | 7,455.39 |

7. Other Long - term liabilities

| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
|---|-------------------------------------|-------------------------------------|
| Others | | |
| Deferred Government Grants (Refer Note no.5(d)) | 46.07 | 58.47 |
| | 46.07 | 58.47 |

Notes to Consolidated Financial Statements (continued)

8. Provisions

| | Long-Term | | Short-Term | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
| Employee Benefits | | | | |
| For Leave Encashment | 176.25 | 215.86 | 1,214.68 | 994.62 |
| For Gratuity (Refer note no. 44) | 957.39 | 723.10 | 86.58 | 84.23 |
| | 1,133.64 | 938.96 | 1,301.26 | 1,078.85 |
| For Milestone Payments (Refer note no. 38) | - | - | - | 539.92 |
| For Goods return | - | - | 393.76 | 441.71 |
| For Litigations (Refer note no. 38) | - | - | 115.82 | 90.48 |
| For Proposed Dividend | - | - | - | 0.87 |
| Total | 1,133.64 | 938.96 | 1,810.84 | 2,151.83 |

9. Short term borrowings

| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
|--|-------------------------------------|-------------------------------------|
| (a) On cash credit and working capital demand loan from banks | | |
| (i) Secured (Refer note a&b below) | 9,784.17 | 12,727.82 |
| (ii) Unsecured (Refer note a below) | - | 1,500.00 |
| (b) Commercial paper (Unsecured) (Refer note c below) | 1,500.00 | 1,500.00 |
| (c) Other Loans | | |
| From Company | 1,705.67 | 3,504.90 |
| Total | 12,989.84 | 19,232.72 |
| The above amount includes | | |
| Secured borrowings | 9,784.17 | 12,727.82 |
| Unsecured borrowings | 3,205.67 | 6,504.90 |
| | 12,989.84 | 19,232.72 |

Note:

- (i) Cash credit and working capital demand loans from banks bears interest rate ranging from 10% to 14.5% per annum amounting to ₹ 650.00 lacs (PY ₹ 4,838.90 lacs)
 - (ii) Secured cash credit and working capital demand loans from banks bears interest rate of 5.3% per annum amounting to ₹ 3,323.57 lacs (PY ₹ 3,752.44 lacs)
 - (iii) Secured cash credit and working capital demand loans from banks bears interest rate ranging from 21% to 25% per annum amounting to ₹ 5,810.60 lacs (PY ₹ 5,636.48 lacs)
- Cash credit and working capital demand are secured by pari passu first charge by way of hypothecation of entire stocks of raw materials, finished goods, work-in-process, consumable stores and spares and such other movable including book-debts, outstanding monies, receivables, both present and future.
 - Commercial papers carry average interest rate of 10% per annum. These are repayable in Jan 2013.

Notes to Consolidated Financial Statements (continued)

10. Trade Payables and Other Current Liabilities

| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
|--|-------------------------------------|-------------------------------------|
| Trade Payables | 26,237.59 | 20,582.92 |
| | 26,237.59 | 20,582.92 |
| Other Current Liabilities | | |
| Current Maturities of Long Term Borrowings (Refer note no.5) | 2,500.00 | - |
| Interest accrued and due on loans | 536.23 | 203.55 |
| Interest accrued but not due on loans | 820.66 | 722.84 |
| Provision for mark-to-market losses on derivatives (net) | 800.53 | 1,129.75 |
| Investor Education and Protection Fund will be credited by following amounts (as and when due) | | |
| Unpaid Dividend | 0.11 | 0.11 |
| Other Payables | | |
| Creditors for Capital Expenditure | 8.92 | 83.00 |
| Advances from customers | 5,857.00 | 1,094.72 |
| Trade Deposits | 153.65 | 157.55 |
| Statutory Liabilities | 2,363.62 | 2,184.38 |
| Other Liabilities | 110.29 | 146.04 |
| Total | 13,151.01 | 5,721.94 |

Notes to Consolidated Financial Statements (continued)

11. Tangible Assets

(₹ in lacs)

| Description of Assets | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | | |
|-------------------------|--------------------------|---------------------------|------------------------------|---|-----------------------------|------------------------|-----------------------|---|------------------------------|------------------------|------------------------|------------------|
| | As at 1-Jan-2012 | Additions during the year | Foreign Exchange Adjust-ment | Deductions / (Adjust-ments) during the year | As at 31-Dec-2012 | As at 1-Jan-2012 | Provided for the year | Deductions / (Adjust-ments) during the year | Foreign Exchange Adjust-ment | As at 31-Dec-2012 | As at 31-Dec-2011 | |
| Land-Freehold | 3,373.91 (2,920.03) | 8.55 (0.00) | 176.37 (513.76) | - (59.88) | 3,558.83 (3,373.91) | - | - | - | - | - (3,373.91) | 3,373.91 (2,920.03) | |
| Land-Leasehold | 47.43 (40.04) | 0.19 (0.00) | 2.68 (7.39) | 35.78 - | 14.52 (47.43) | 19.80 (16.71) | - | 7.50 - | 1.12 (3.09) | 13.42 (19.80) | 27.63 (23.33) | |
| Buildings | 4,634.65 (4,321.51) | 385.14 (86.16) | 181.26 (679.44) | 7.14 (452.46) | 5,193.91 (4,634.65) | 1,513.30 (1,207.98) | 157.80 (157.21) | 1.15 (30.40) | 71.00 (178.51) | 1,740.95 (1,513.30) | 3,121.35 (3,113.53) | |
| Plant and Machinery | 12,342.72 (10,399.54) | 1,600.02 (560.37) | 542.71 (1,524.75) | 268.84 (141.94) | 14,216.61 (12,342.72) | 8,528.35 (6,789.76) | 821.35 (775.43) | 187.67 (83.51) | 341.21 (1,046.67) | 9,503.24 (8,528.35) | 3,814.37 (3,609.78) | |
| Furniture and Fixtures | 1,816.92 (1,468.18) | 165.78 (159.94) | 85.35 (210.07) | 390.85 (21.27) | 1,677.20 (1,816.92) | 1,466.59 (1,195.47) | 87.11 (101.72) | 389.44 (20.95) | 69.55 (190.35) | 1,233.81 (1,466.59) | 350.33 (272.71) | |
| Motor Vehicles | 949.31 (965.67) | 44.14 (2.02) | 28.44 (137.96) | 141.86 (156.34) | 880.03 (949.31) | 867.86 (779.85) | 37.82 (95.64) | 116.27 (118.86) | 27.43 (111.23) | 816.84 (867.86) | 81.45 (185.82) | |
| Vehicles taken on lease | - | - | - | - | - | - | - | - | - | - | - | |
| Lease Hold Improvements | 59.22 (59.22) | - (0.00) | - - | - - | 59.22 (59.22) | 7.97 (2.34) | 5.63 (5.63) | - - | - - | 13.60 (7.97) | 45.62 (51.25) | 51.25 (56.88) |
| Total 2012 | 23,224.16 | 2,203.82 | 1,016.81 | 844.47 | 25,600.32 | 12,403.87 | 1,109.71 | 702.03 | 510.31 | 13,321.86 | 10,820.29 | |
| Total 2011 | (20,174.19) | (808.49) | (3,073.37) | (831.89) | (23,224.16) | (9,992.11) | (1,135.63) | (253.72) | (1,529.85) | (12,403.87) | (10,182.08) | |

Figures in brackets represents previous years numbers.

Notes to Consolidated Financial Statements (continued)

12. Intangible Assets

| Description of Assets | GROSS BLOCK | | | | DEPRECIATION/AMORTISATION | | | | NET BLOCK | |
|-----------------------------------|--------------------------|---------------------------|------------------------------|---|---------------------------|------------------------|-----------------------|------------------------------|--------------------------|--------------------------|
| | As at 1-Jan-12 | Additions during the year | Foreign Exchange Adjust-ment | Deductions / (Adjust-ments) during the year | As at 31-Dec-2012 | As at 1-Jan-12 | Provided for the year | Foreign Exchange Adjust-ment | As at 31-Dec-2012 | As at 31-Dec-2011 |
| Goodwill* | 49,826.35 (48,693.43) | - | 264.23 (1,167.39) | 4,626.28 (34.47) | 45,464.30 (49,826.35) | - | - | - | 45,464.30 (49,826.35) | 49,826.35 (48,693.43) |
| Technical Knowhow | 1,095.35 (1,095.35) | - | - | - | 1,095.35 (1,095.35) | 848.85 (790.85) | 58.00 (58.00) | - | 906.85 (848.85) | 246.50 (304.50) |
| Technology Licence Fees | 967.76 (724.60) | - | 33.33 (128.45) | - | 1,001.09 (967.76) | 303.59 (185.72) | 96.99 (88.99) | 9.67 (28.88) | 410.25 (303.59) | 664.17 (538.88) |
| Software | 296.99 (271.91) | - | 9.10 (25.08) | - | 306.09 (296.99) | 209.66 (170.97) | 13.61 (13.61) | 9.10 (25.08) | 232.37 (209.66) | 87.33 (100.94) |
| Germ Plasm | 815.50 (815.49) | - | - | - | 815.50 (815.50) | 337.59 (256.04) | 81.55 (81.55) | - | 419.14 (337.59) | 477.91 (559.45) |
| Project Sunsat (Development Cost) | 7,068.27 (4,661.93) | 1,985.20 (1,716.12) | 394.13 (690.22) | - | 9,447.60 (7,068.27) | 1,295.17 (627.58) | 753.93 (574.67) | 72.22 (92.92) | 2,121.32 (1,295.17) | 5,773.10 (4,034.35) |
| Brands / Trade Marks # | 8,235.01 (7,934.17) | - | 109.13 (300.84) | - | 8,344.14 (8,235.01) | 3,830.75 (2,901.18) | 834.42 (823.50) | 49.38 (106.07) | 4,714.55 (3,830.75) | 4,404.26 (5,032.99) |
| NGSP Research | 8.78 (6.71) | - | 0.28 (2.07) | - | 9.06 (8.78) | 3.13 (1.96) | 0.82 (0.80) | 0.11 (0.37) | 4.06 (3.13) | 5.65 (4.75) |
| Total 2012 | 68,314.01 | 1,985.20 | 810.20 | 4,626.28 | 66,483.13 | 6,828.74 | 1,839.32 | 140.48 | 8,808.54 | 61,485.27 |
| Total 2011 | (64,203.59) | (1,830.83) | (2,314.06) | (34.47) | (68,314.01) | (4,934.30) | (1,641.12) | (253.32) | (6,828.74) | (59,269.29) |

Notes:

*Goodwill represents the excess of consideration paid towards acquisition of subsidiaries over the net assets acquired, arising on consolidation of such subsidiaries ₹ 37,079.20 lacs (Previous Year ₹ 41,705.49 lacs)

#Brands amounting to ₹ 6304.71 lacs are still to be transferred in the name of the Company.

Figures in brackets represents previous years numbers.

Notes to Consolidated Financial Statements (continued)

13. Non Current Investments

| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
|---|-------------------------------------|-------------------------------------|
| B. Non Trade Investment (valued at cost unless stated otherwise) | | |
| (i) Investment in Government or trust Securities (Unquoted) | | |
| National Savings Certificate | 0.44 | 0.44 |
| Indira Vikas Patra | 0.11 | 0.11 |
| | 0.55 | 0.55 |
| (ii) Investment in Equity Shares | | |
| Equity shares of Old Irrigation Co-operative | 0.57 | 0.46 |
| Equity shares of East Kimberly Co-operative | 0.34 | 0.32 |
| | 0.91 | 0.78 |
| Less: Provision for diminution in value of investments | 0.91 | 0.78 |
| | - | - |
| Total Non Current Investments | 0.55 | 0.55 |
| Note: Aggregate amount of unquoted investments | 0.55 | 0.55 |

14. Loans and Advances

| | Non-Current | | Current | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
| Capital Advance | | | | |
| Unsecured, Considered good | 53.29 | 5.65 | - | - |
| A | 53.29 | 5.65 | - | - |
| Sundry Deposits | | | | |
| Unsecured, Considered good | 145.90 | 433.37 | 16.86 | 22.28 |
| B | 145.90 | 433.37 | 16.86 | 22.28 |
| Advances Recoverable in cash or kind | | | | |
| Unsecured, Considered good | 103.59 | 183.72 | 1,286.42 | 112.13 |
| Doubtful | 342.19 | 159.15 | - | - |
| | 445.78 | 342.87 | 1,286.42 | 112.13 |
| Provision for Doubtful advances | 342.19 | 159.15 | - | - |
| C | 103.59 | 183.72 | 1,286.42 | 112.13 |
| Other Loans and Advances (Unsecured) | | | | |
| Advance Income Tax (Net of Provision for taxation) | 2,009.29 | 1,649.02 | 371.57 | 73.41 |
| Balance with Government Authorities | - | - | 957.14 | 684.35 |
| MAT Credit Entitlement | 507.16 | 158.09 | - | 1.60 |
| Prepaid Expenses | - | - | 1,040.97 | 1,247.24 |
| D | 2,516.45 | 1,807.11 | 2,369.68 | 2,006.60 |
| Total (A+B+C+D) | 2,819.23 | 2,429.85 | 3,672.96 | 2,141.01 |

Notes to Consolidated Financial Statements (continued)

15. Other Assets

| | Non-Current | | Current | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
| Unsecured considered good unless stated otherwise | | | | |
| Unamortized expenditure | | | | |
| Share Issue expenses (refer note no. 39) | - | - | 84.41 | 48.41 |
| | - | - | 84.41 | 48.41 |
| Others | | | | |
| Non-current Bank Balances (Refer Note No. 18) | 539.34 | 504.81 | - | - |
| Assets held for resale (Refer Note No. 46) | - | - | 487.10 | 548.57 |
| Unrealised Gain on Forward Contract | - | - | 144.51 | 109.68 |
| Mark to Market on Derivatives | - | - | - | 54.43 |
| Reimbursement Receivable | - | - | 955.05 | - |
| Others | - | - | 125.18 | 68.49 |
| Total | 539.34 | 504.81 | 1,711.84 | 781.17 |
| | 539.34 | 504.81 | 1,796.25 | 829.58 |

16. Inventories (at lower of cost and net realisable value)

| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
|---|-------------------------------------|-------------------------------------|
| Raw Materials | 9,061.04 | 6,460.04 |
| Packing Materials | 663.44 | 706.07 |
| Work-in-Process | 4,115.19 | 3,249.66 |
| Raw Seeds | 784.51 | 105.38 |
| Stores and Spares and Consumables | 1,647.03 | 901.93 |
| Finished Goods (including in transit ₹ 114.12 lacs (previous year ₹ Nil)) | 13,415.26 | 14,904.96 |
| Total | 29,686.47 | 26,328.04 |

17. Trade Receivables

| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
|------------------------------------|-------------------------------------|-------------------------------------|
| Secured, considered good | 107.36 | - |
| Unsecured and considered good | 25,011.69 | 23,876.61 |
| Unsecured and considered doubtful | 1,343.32 | 1,270.70 |
| | 26,462.37 | 25,147.30 |
| Provision for doubtful receivables | 1,343.32 | 1,270.70 |
| Total | 25,119.05 | 23,876.61 |

Notes to Consolidated Financial Statements (continued)

18. Cash and Bank Balances

| | Non-Current | | Current | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) | As at 31-Dec-2012 (₹ in lacs) | As at 31-Dec-2011 (₹ in lacs) |
| Cash & Cash equivalents | | | | |
| Bank Balances in India | | | | |
| With Scheduled Banks | | | | |
| On Current Accounts | - | - | 330.36 | 909.76 |
| On Deposit Accounts | - | - | - | 1.56 |
| On Unpaid Dividend Accounts | - | - | 0.11 | 0.11 |
| | - | - | 330.47 | 911.43 |
| Bank Balances Outside India | | | | |
| On Current Accounts | - | - | 11,819.58 | 8,935.69 |
| On Deposit Accounts | - | - | 2,277.70 | 3,910.80 |
| | - | - | 14,097.28 | 12,846.49 |
| Cash on hand | - | - | 4.96 | 9.44 |
| Remittance in Transit | - | - | - | 390.48 |
| (A) | - | - | 14,432.71 | 14,157.84 |
| Other Bank Balances | | | | |
| Bank Balances in India | | | | |
| With Scheduled Banks | | | | |
| On Deposit Accounts (Maturity more than 3 months but less than 12 months) | - | - | 2.46 | 21.30 |
| On Margin Money Deposit (Under lien with bank) | - | - | 425.00 | 425.00 |
| | - | - | 427.46 | 446.30 |
| Bank Balances outside India (Maturity more than 3 Months but less than 12 months) | | | | |
| On Deposit Accounts (Under lien with bank) | 539.34 | 504.81 | - | - |
| (B) | 539.34 | 504.81 | 427.46 | 446.30 |
| Total (A+B) | 539.34 | 504.81 | 14,860.17 | 14,604.14 |
| Amount disclosed under Non Current Assets (Refer Note No.15) | (539.34) | (504.81) | - | - |
| Total | - | - | 14,860.17 | 14,604.14 |

Notes to Consolidated Financial Statements (continued)

19. Revenue from operations

| | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Revenue from operations | | |
| Sale of Products (Net) | 102,772.81 | 91,181.14 |
| | 102,772.81 | 91,181.14 |
| Other Operating revenue | | |
| Sale of Remnants and Other Scrap | 110.38 | 422.26 |
| Royalty Income | 2,562.71 | 2,025.43 |
| Commission on Sales | - | 449.01 |
| Excess Provisions in respect of earlier years written back, Net | 374.43 | 189.98 |
| Price Variance/ Adjustment for Previous Year | 361.87 | - |
| Government Grants (Refer Note No. 5(d)) | 12.41 | 5.46 |
| Market Study Fees | 489.80 | - |
| Miscellaneous Income | 110.54 | 588.89 |
| | 4,022.14 | 3,681.03 |
| Total | 106,794.95 | 94,862.17 |

20. Other income

| | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--------------------------------------|-----------------------------|------------------------------|
| Interest income on | | |
| Bank Deposits | 278.82 | 177.51 |
| Profit on sale of fixed assets (net) | 153.82 | 28.24 |
| Exchange difference (net) | - | 99.73 |
| Miscellaneous Income | 71.87 | 47.27 |
| Total | 504.51 | 352.75 |

21. Cost of Raw material consumed

| | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Inventories at the beginning of the year | 6,863.27 | 10,227.63 |
| Add: Produced | 23,322.82 | 10,687.82 |
| Less: Inventories at the end of the year | 10,286.93 | 7,525.80 |
| Consumption of Raw Seed | 19,899.16 | 13,389.65 |
| Purchase of seeds | 13,195.33 | 11,100.51 |
| Chemical and fertilizer consumed | 1,178.17 | 1,123.21 |
| Freight Inwards | 1,794.97 | 1,602.38 |
| Total | 36,067.63 | 27,215.75 |

Notes to Consolidated Financial Statements (continued)

22. (Increase) / Decrease in Inventories

| | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Inventories at the beginning of the year | | |
| Work-in-process | 2,696.61 | 4,135.82 |
| Finished goods | 16,365.89 | 18,925.78 |
| | 19,062.50 | 23,061.60 |
| Inventories at the end of the year | | |
| Work-in-process | 4,046.28 | 2,479.53 |
| Finished goods | 14,429.74 | 15,264.56 |
| | 18,476.02 | 17,744.09 |
| | 586.48 | 5,317.51 |

23. Employee benefits expense*

| | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Salaries, wages and bonus | 13,429.84 | 12,713.63 |
| Contribution to provident and other funds (Refer note no.44) | 499.22 | 726.14 |
| Gratuity Expense (Refer note no.44) | 249.70 | 98.63 |
| Workmen and staff welfare expenses | 525.06 | 327.59 |
| Total | 14,703.82 | 13,865.99 |
| * Refer to Note No. 42 on expenditure reimbursement | | |

Notes to Consolidated Financial Statements (continued)

24. Other Expenses *

| | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Power and fuel | 680.03 | 591.68 |
| Seeds Processing charges and other charges | 3,955.73 | 4,709.76 |
| Repairs | | |
| Buildings | 178.34 | 125.36 |
| Machinery | 337.55 | 336.62 |
| Others | 138.14 | 125.75 |
| | 654.03 | 587.73 |
| Rent ** | 7,377.62 | 7,764.85 |
| Rates and taxes | 572.74 | 495.43 |
| Insurance | 592.61 | 434.02 |
| Packing, freight and transport | 1,318.69 | 1,647.22 |
| Travelling and conveyance | 2,251.11 | 1,989.93 |
| Communication expenses | 419.25 | 386.85 |
| Printing and stationery | 145.71 | 124.59 |
| Advertisement and sales promotion | 2,302.93 | 1,418.87 |
| Commission | 3,099.78 | 2,833.51 |
| Royalty | 241.63 | 808.92 |
| Stores and spares consumed | 2,912.73 | 1,946.60 |
| Production and farm expenses | 1,471.42 | 1,556.77 |
| Bad debts written off (net) | 63.95 | 204.62 |
| Debit balances written off | 1.55 | 180.00 |
| Provision for doubtful debts and advances | 232.26 | 91.69 |
| Provision for stock damages | 899.12 | 416.32 |
| Inventory written off | 1,114.60 | 1,834.72 |
| Provision for litigation | 42.43 | 3.62 |
| Legal and consultancy charges (refer note below) | 1,491.09 | 1,341.84 |
| Exchange difference (Net) | 324.39 | - |
| Asset written off | - | 0.20 |
| Miscellaneous expenses | 6,488.36 | 3,861.03 |
| Total | 38,653.76 | 35,230.77 |

* Refer to Note No. 42 on expenditure reimbursement

** Rent includes Land lease charges ₹ 5,406.93 Lacs (Previous year ₹ 5,788.85 Lacs)

Payments to Auditors of the Holding Company

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|-----------------------|-----------------------------|------------------------------|
| Audit fees | 19.00 | 21.00 |
| Fee for Certification | 2.19 | 0.32 |
| Taxation Matters | 0.75 | 0.75 |
| Other | 7.72 | 4.50 |
| Total | 29.66 | 26.57 |

Notes to Consolidated Financial Statements (continued)

25. Finance Costs

| | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|------------------------------------|-----------------------------|------------------------------|
| Interest on Loans and others | 4,956.34 | 6,043.49 |
| Bank charges | 594.40 | 437.71 |
| Exchange difference (net) | 938.44 | 1,603.96 |
| Cash and Advance Booking Discounts | 309.77 | 174.53 |
| Total | 6,798.95 | 8,259.69 |

26. Arrangement with United Phosphorus Limited

The Company has entered into a Licence Agreement effective from 2nd April 2012 with United Phosphorous Limited (UPL) to grant technical know-how for commercial exploitation, development, use and sale of its Licenced Products and use of brands. In consideration thereof, the Company has received a royalty at the rate of 7% of net sales revenue of its Licenced Products amounting to ₹ 640.51 lacs. Further, Company shall carry out research and development activity, as agreed, in connection with the Licenced Products and accordingly, the Company has received an amount of ₹ 1,115.00 lacs as per the agreement entered between both the parties.

27. Amalgamation of Unicorn Seeds Private Limited

Pursuant to the Scheme of Amalgamation ('the Scheme') under Sections 391 to 394 of the Companies Act, 1956, the Honorable High Court of Andhra Pradesh has pronounced an order on October 9, 2012 sanctioning the Scheme of amalgamation of Unicorn Seeds Private Limited ('Unicorn'), a wholly owned subsidiary of the Company with the Company from the appointed date viz April 1, 2011. The Scheme became effective on November 23, 2012 upon filing of the said order with the Registrar of Companies, Hyderabad. Consequently, all the assets and liabilities of the Unicorn have been transferred to and vested in the Company with effect from 1 April 2011. The scheme has accordingly been given effect to in these accounts.

28 Employees Stock Option Plan (ESOP)

- a. The Company instituted an Employees Stock Option Scheme ("ESOPS") for certain employees as approved by the shareholders on 20th September, 2006. During the year ended December 31, 2012, the following scheme is under operation:

EMPLOYEES STOCK OPTION AND SHARE PLAN 2006

| Particulars | As at 31-Dec-2012 | As at 31-Dec-2011 |
|--------------------------------------|--|--|
| Dates of Grant | 27-Feb-12 | 27-Sep-06 |
| Dates of Board Approval | 27-Feb-12 | 13-Sep-06 |
| Date of Shareholders Approval | 20-Sep-06 | 20-Sep-06 |
| Number of options granted | 140,656 | 76,651 |
| Method of Settlement (Cash / Equity) | Equity | Equity |
| Vesting Period | Spread over 4 years and 6 months | Spread over 4 years and 6 months |
| Exercise Period | 10 years | 10 years |
| Vesting Conditions | 50% of the options granted is conditional upon the Company meeting annual performance benchmarks based on parameters set by the Remuneration Committee | 50% of the options granted is conditional upon the Company meeting annual performance benchmarks based on parameters set by the Remuneration Committee |

Notes to Consolidated Financial Statements (continued)

- b. The details of the activity have been summarized below:

| Particulars | As at 31-Dec-2012 | As at 31-Dec-2011 |
|--|------------------------|------------------------|
| | (No. of equity shares) | (No. of equity shares) |
| Outstanding at the beginning of the year | 5,446 | 33,259 |
| Exercisable at the beginning of the year | 54,170 | 65,809 |
| Granted during the year | 64,005 | 3,028 |
| Forfeited during the year | Nil | 7,970 |
| Exercised during the year | 8,931 | 2,223 |
| Options lapsed during the year | Nil | 11,432 |
| Vested during the year | 2,672 | 11,439 |
| Expired during the year | 2,677 | 20,855 |
| Outstanding at the end of the year | 66,779 | 5,446 |
| Exercisable at the end of the year | 45,234 | 54,170 |

- c. Stock options granted:

During the year, 64,005 stock options were granted. The weighted average fair value of the stock option granted during the year is ₹ 343.75. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

| Particulars | Current Year | Previous Year |
|--|---|---|
| Weighted average share price/market price (₹ per share) | 343.75 | 285.00 |
| Exercise Price (₹ Per share) | 285.00 | 285.00 |
| Expected Volatility | 64.49% | 43% |
| Life of the options granted (Vesting and exercise period) in years | Vesting period + 18 months i.e. 3 years, 4 years, 5 years, and 6 years, for each Vesting tranche of 25% | Vesting period + 18 months i.e. 3 years, 4 years, 5 years, and 6 years, for each Vesting tranche of 25% |
| Expected Dividends | 0.30% per annum | 1.40% per annum |
| Average risk-free interest rate | 8.04% per annum | 7.50% per annum |
| Option Fair Value (₹ Per share) | 343.75 | 285.00 |

- d. Effect of the employee option plan on the statement of profit and loss and on its financial position:

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Total employee compensation cost pertaining to stock option plan | 5.94 | - |
| Liability for employee stock option plan outstanding as at the year end | 5.94 | - |

Notes to Consolidated Financial Statements (continued)

- e. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value method is as under:

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Net Profit/(Loss) as reported | 5,936.27 | 1,229.05 |
| Add – Employee stock compensation under intrinsic value method | 5.94 | - |
| Less – Employee stock compensation under fair value method | 21.38 | 7.66 |
| Proforma Profit/(Loss) | 5,920.83 | 1,221.39 |
| Earning per share (₹) | | |
| Basic | | |
| - as reported | 35.21 | 7.29 |
| - Proforma | 35.12 | 7.25 |
| Diluted | | |
| - as reported | 28.87 | 7.23 |
| - Proforma | 34.83 | 7.18 |

29. Contingent Liabilities

Income tax matters of the Holding Company under dispute:

Pending with authorities at various levels - ₹ 2,347.14 lacs (Previous Year: ₹ 1,846.75 lacs)

Service Tax Matters of the Holding Company under dispute:

Pending with CESTAT Bangalore ₹ 490.13 Lacs (Previous Year Nil) exclusive of penal interest

Claims against the Holding Company not acknowledged as debts ₹ 151.00 lacs (Previous Year: ₹ 8,008.09 lacs)

Guarantee given by the Holding Company on behalf of Subsidiaries Company ₹ 6,010.03 lacs (Previous Year: ₹ 8,798.77 Lacs)

In case of Pacific Seeds Pty Ltd., Australia, the aggregate maximum amount payable to growers providing expected seed quality - ₹ 1,709.03 lacs (Previous Year: ₹ 5,514.53 lacs)

In respect of items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments/decisions pending at various forums/authorities. The management believes that the ultimate outcome of above proceeding will not have a material adverse effect on the company's financial position and results of operations.

30. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) – ₹ 209.26 lacs (Previous Year: ₹ 134.02 lacs)

31. Government grants / subsidy:

Capital Reserve represents State Investment subsidy sanctioned by the Government of Andhra Pradesh, for setting up of a unit at Toopran Mandal, Andhra Pradesh under Target 2000 Scheme of the State Government.

Notes to Consolidated Financial Statements (continued)

- 32.** The cost of raw materials, components, stores and spares and packing materials in case of Pacific Seeds Pty Ltd., Australia, is determined on a standard cost basis. These standards are reviewed regularly and adjusted for significant variances. In case of Advanta US Inc cost is determined on a First-in-First out or specific identification basis. The cost of raw materials, components, stores and spares and packing materials in case of other subsidiary companies of the group is determined on weighted average basis.

The cost of finished goods in the case of the Holding Company is determined on a standard cost basis. These standards are reviewed regularly and adjusted for significant variances. In case of Advanta US Inc, Advanta Seed International cost is determined on a First-in-First out or specific identification basis. The cost of finished goods in case of other subsidiary companies of the group is determined on weighted average basis.

The management considers it impracticable to use a uniform accounting policy for the valuation and to quantify the impact of the difference between such accounting policies. As at December 31, 2012, of the total value of raw materials, components, stores and spares and packing materials of ₹ 12,156.02 lacs (Previous Year: ₹ 8,173.42 lacs), cost of inventories amounting to ₹ 1,961.21 lacs (Previous Year: ₹ 1,976.87 lacs) have been determined on standard cost and ₹ 8,314.83 lacs (Previous Year: ₹ 4,831.67 lacs) have been determined on First-in-First out or specific identification basis, and of the total value of finished goods of ₹ 13,415.26 lacs (Previous Year: ₹ 14,904.96 lacs) cost of inventories amounting to ₹ 235.81 lacs (Previous Year: ₹ 4,422.19 lacs) have been determined on standard cost basis.

33. Recognition of Deferred Tax Assets/ MAT Credit

- (a) In case of Pacific Seeds Holdings (Thailand) Limited, the said Subsidiary Company has recognised deferred tax assets on the unused tax losses totaling ₹ 420.29 lacs (Previous Year: ₹ 553.37 lacs) as on December 31, 2012 in the balance sheet and utilised / reversed ₹ 133.18 lacs (Previous Year: ₹ 381.82 lacs) in the statement of profit and loss for the year ended on December 31, 2012, since the management is of the opinion that the said unused losses can be utilised.
- (b) During the year in case of Long reach Plant Breeders Management Pty Limited, the said Subsidiary Company has recognised deferred tax assets on the unused tax losses totaling ₹ 2,419.82 lacs (Previous Year: ₹ 1,746.82 lacs) as on December 31, 2012 in the balance sheet and recognised ₹ 673.01 lacs (Previous Year: ₹ 471.63 lacs) in the statement of profit and loss for the year ended on December 31, 2012, since the management is of the opinion that the said unused losses can be utilised.
- (c) During the year, in case of PT Advanta Seeds Indonesia, the said Subsidiary Company has recognised deferred tax assets on the unused tax losses totaling ₹ 113.02 lacs (Previous Year: ₹ 133.67 lacs) as on December 31, 2012 in the balance sheet and utilised/ reversed ₹ 20.65 lacs (Previous Year: ₹ 105.05 lacs) in the statement of profit and loss for the year ended on December 31, 2012, since the management is of the opinion that the said unused losses can be utilised.
- (d) During the year, in case of Advanta Comercio De Sementes Ltda, the said Subsidiary Company has recognised deferred tax assets on the unused tax losses totaling ₹ 580.58 lacs (Previous Year: ₹ 181.97 lacs) as on December 31, 2012 in the balance sheet and recognised ₹ 399.00 lacs (Previous Year: ₹ 138.44 lacs) in the statement of profit and loss for the year ended on December 31, 2012, since the management is of the opinion that the said unused losses can be utilised.

Notes to Consolidated Financial Statements (continued)

- (e) During the year, in case of Pacific Seeds Pty Ltd, the said Subsidiary Company has recognised deferred tax assets on the unused tax losses totaling ₹ Nil (Previous Year: ₹ 42.11 lacs) as on December 31, 2012 in the balance sheet and utilised / reversed ₹ 42.11 Lacs (Previous Year ₹ 38.82 Lacs) in the statement of profit and loss for the year ended on December 31, 2012, since the management is of the opinion that the said unused losses can be utilised.
- (f) During the year, in case of Advanta Holdings B.V., The Netherlands, the said Subsidiary Company has recognized deferred tax assets on the unused tax losses totaling ₹ 1,105.51 lacs (Previous Year: ₹ 1,148.28 lacs) as on December 31, 2012 in the balance sheet and reversed / utilised ₹ 42.77 Lacs (Previous Year ₹ 67 Lacs) in the statement of profit and loss for the year ended on December 31, 2012, since the management is of the opinion that the said unused losses can be utilised.
- (g) During the year, in case of Advanta Semillas Argentina, the said Subsidiary Company has recognised deferred tax assets on the unused tax losses totaling ₹ 61.76 lacs (Previous Year: ₹ 144.65 lacs) as on December 31, 2012 in the balance sheet and reversed / utilised ₹ 8.29 Lacs (Previous Year ₹ 133.28 Lacs) in the statement of profit and loss for the year ended on December 31, 2012, since the management is of the opinion that the said unused losses can be utilised.
- (h) During the year, in case of Advanta Semillas Argentina, the said Subsidiary Company has recognised MAT credit totaling ₹ 507.16 lacs (Previous Year: ₹ 158.09 lacs) as on December 31, 2012 in the balance sheet and recognised ₹ 349.07 Lacs (Previous Year ₹ 158.09 Lacs) in the statement of profit and loss for the year ended on December 31, 2012, since the management is of the opinion that the said MAT credit can be utilised.

34. Consolidated Earnings Per Share

(A) Basic Earnings Per Share:

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Net Profit / (Loss) | 5,936.27 | 1,229.05 |
| Weighted Average Number of Equity Shares outstanding | 16,858,797 | 16,853,859 |
| Basic Earnings per share (₹): | 35.21 | 7.29 |
| Nominal value of equity shares (₹) | 10.00 | 10.00 |

(B) Diluted Earnings Per Share:

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|--|-----------------------------|------------------------------|
| Net Profit / (Loss) | 5,936.27 | 1,229.05 |
| Weighted Average Number of Equity Shares outstanding | 16,858,797 | 16,853,859 |
| Dilutive impact of employee stock options | 143,756 | 148,288 |
| Weighted Average Number of Equity Shares for computing diluted earning per share | 17,002,553 | 17,002,147 |
| Diluted Earnings per share (₹) | 34.91 | 7.23 |
| Nominal value of equity shares (₹) | 10.00 | 10.00 |

Basic and Diluted earnings per share are calculated by dividing the net profit for the Year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

Notes to Consolidated Financial Statements (continued)

35. Product Development Expenditure

- a. Capital work-in-progress includes Project wheat - development expenditure amounting to ₹ 1,908 lacs (Previous Year ₹ 1,741 lacs) by the subsidiary company, Longreach Plant Breeders Management Pty Ltd, as the project is still under development. The Company expects to complete the development work and commercialize the project in full stream by 2015.
- b. Intangible Assets includes expenditure incurred on the Project Sunsat amounting to ₹ 7,326 lacs (Previous Year ₹ 5,773 lacs) by the subsidiary company, Advanta International BV so far. The expenditure so capitalized is amortised over the period of expected future sales from the related project i.e. over their estimated useful lives of ten years on a straight line basis.

36. Leases

Operating Leases: The following assets were taken on operating lease by the Company

- Office Building (Global office) at Pacific Seeds Pty Limited;
- Vehicles, computers and fields at Advanta Semillas, Argentina;
- Office building and Warehouse at Pacific Seeds Thai Limited;
- Warehouse premises at PT Advanta Seeds, Indonesia;
- Office Premises at Advanta India Limited;

The lease term is in the range of 1 year to 30 years and thereafter renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases. Lease rental expense for the year for the agreements entered into is ₹ 7,377.62 lacs (Previous Year: ₹ 7,764.85 lacs).

37. Derivative instruments and un-hedged foreign currency exposure

a) Forward contracts outstanding as at the Balance Sheet date

| Nature of contract | Purpose | As at | |
|--------------------|-----------------------------------|-------------------------------|-------------------------------|
| | | 31-Dec-2012 Amount in lacs | 31-Dec-2011 Amount in lacs |
| Buy | Hedge of expected future purchase | USD 0.4175 | USD 1.04 |
| | | AUD 396.09 | AUD 3.00 |
| Sell | Hedge of expected future sales | AUD 8.26 | AUD 10.91 |
| | | USD 125.27 | USD 60.93 |

Particulars of Derivatives contracts entered into for hedging purpose outstanding as at December 31, 2012 are as under:

| Particulars | Currency | As at | |
|-----------------------------------|----------|-------------------------------|-------------------------------|
| | | 31-Dec-2012 Amount in lacs | 31-Dec-2011 Amount in lacs |
| Currency and Interest rates swaps | Euro | 146.86 | 158.03 |

Notes to Consolidated Financial Statements (continued)

b) Particulars of un-hedged foreign currency exposure

| Purpose | As at 31-Dec-2012 Amount in lacs | As at 31-Dec-2011 Amount in lacs |
|---------------------|---|--|
| Sundry Creditors | USD 1.02 Euro 28.23 AUD 31.97 THB 3.00 | USD 9.67 Euro 17.73 AUD 0.82 THB 3.00 |
| Interest Payable | EURO 4.043 | EURO 41.25 |
| Interest Receivable | EURO 18.72 | - |
| Loans Payable | EURO 162.37 - USD 407.67 | EURO 136.21 AUD 0.09 USD 542.83 |
| FCCB | USD 500 | USD 500 |
| Expenses Payable | EURO 15.64 | EURO 10.41 |
| Sundry Debtors | USD 16.28 EURO 14.58 AUD 38.78 | USD 3.36 EURO 0.15 - |
| Other Receivable | USD 8.10 | USD 10.95 |
| Dividend receivable | - | USD 1.50 |
| Investments | - | USD 0.99 EURO 623.95 |

38. Provisions

| Particulars | Litigations | | Milestone Provision | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | As at 31-Dec-2012 ₹ in lacs | As at 31-Dec-2011 ₹ in lacs | As at 31-Dec-2012 ₹ in lacs | As at 31-Dec-2011 ₹ in lacs |
| Opening Balance | 90.48 | 72.94 | 539.92 | 911.52 |
| Additions during the year | 21.74 | 3.65 | - | - |
| Amounts used during the year | - | - | (539.92) | (497.84) |
| Reversal during the year | - | - | - | - |
| Exchange difference on translation | 3.60 | 13.89 | - | 126.24 |
| Unused amounts reversed during the year | - | - | - | - |
| Closing Balance | 115.82 | 90.48 | - | 539.92 |

39. Share Issue Expenses

Up to December 31, 2012, the Holding Company has incurred ₹ 84.41 lacs (Previous Year: ₹ 48.41 lacs) in connection with the proposed rights issue of its equity shares. This amount shall be adjusted against securities premium arising from the proposed rights issue of equity shares, as permitted under section 78 of the Companies Act, 1956. Accordingly, this amount has been carried forward and disclosed under the note 15 'Unamortized expenditure'.

40. Segment Information

Segment information has not been given as the management is of the view that the said information would be prejudicial to the interest of the group.

Notes to Consolidated Financial Statements (continued)

41. Research and Development

| Particulars | As at 31-Dec-2012 ₹ in lacs | As at 31-Dec-2011 ₹ in lacs |
|-------------------------------------|-----------------------------------|-----------------------------------|
| (a) Revenue expenditure | | |
| Gross Expenditure | 10,080.94 | 7,035.90 |
| Less: Recharged (Refer Note No. 43) | 1,115.00 | - |
| Net Expenditure | 8,965.94 | 7,035.90 |
| (b) Capital expenditure | 347.22 | 184.46 |

42. During the year company has entered into an agreement with its group company for cost sharing of research & development and other expenses. Further the company has an arrangements with its subsidiary companies for cost sharing. Pursuant to that the company has recovered ₹ 1,378.61 lacs (Previous Year ₹ Nil) and the same has been adjusted against the respective expenses as under:

| Particulars | Current Year (₹ in lacs) | Previous Year (₹ in lacs) |
|---|-----------------------------|------------------------------|
| Salaries, Wages and Bonus | 525.13 | - |
| Contribution to Provident and Other Funds | 33.11 | - |
| Gratuity expenses | 13.03 | - |
| Staff Welfare Expenses | 17.40 | - |
| Total -A | 588.68 | - |
| Power and Fuel | 40.54 | - |
| Repairs | 19.06 | - |
| Rent | 38.61 | - |
| Travelling & Conveyance | 125.68 | - |
| Communication | 17.69 | - |
| Printing & Stationery | 5.72 | - |
| Productions & Farm Expenses | 312.16 | - |
| Legal & Consultancy charges | 60.30 | - |
| Misc. Expenses | 170.19 | - |
| Total -B | 789.93 | - |
| Total -(A+B) | 1,378.61 | - |

43. Related Party Disclosures

Related parties of the Group as identified by the management and relied upon by the Auditors

A. List of related parties and its relationship

- (i) Enterprises over which the Group or key management personnel and their relatives have significant influence:

| Sr. No. | Name of the Company |
|---------|--|
| 1. | United Phosphorus Limited (UPL) |
| 2. | Bio-win Corporation Limited (BWC), Mauritius |
| 3. | United Phosphorus Limited Gibraltar (UPLG) |
| 4. | United Phosphorus Holdings BV. (UPH) |
| 5. | Nippon UPL KK (Nippon) |
| 6. | Reposo SAIC (Reposo) |

Notes to Consolidated Financial Statements (continued)

7. Icona SAIC (Icona)
 8. Uniphos Enterprises Limited (UEL)
 9. Jai Research Foundation (JRF)
 10. PT United Phosphorus , Indonesia (UPI)
 11. SWAL Corporation Limited
 12. Demuric Holdings Limited
 13. United Phosphorus Mexico SA De CV
- (ii) Key Management Personnel and their relatives
1. V.R. Kaundinya (Managing Director – Holding Company)
 2. Barry Crocker (Director)
 3. Vikram Shroff (Director)
 4. Manoj Gupta (Director)
 5. Steven Fatseas (Director)
 6. Paul Clark Luxton (Director)
 7. David John Neville (Director)
 8. Pacholk Pongpanich (Managing Director – Pacific Seeds Thai Limited)
 9. Yongyut Pansung (Director)

II. Transactions during the year

| Sr. No. | Particulars | Current Year ₹ in lacs | Previous Year ₹ in lacs |
|---------|--|---------------------------|----------------------------|
| 1 | Sales | | |
| | Icona | 1,584.49 | - |
| | PT United Phosphorus , Indonesia (UPI) | - | 379.12 |
| | UPL | 6,672.75 | 12,955.54 |
| 2 | Purchase of Services | | |
| | Icona | - | 440.37 |
| 3 | Miscellaneous expenses | | |
| | United Phosphorus Limited (Gibraltar) | 1,814.83 | - |
| 4 | Purchase of Goods | | |
| | UPL | 242.08 | 5.54 |
| | PT United Phosphorus , Indonesia (UPI) | - | 373.43 |
| 5 | Royalty Income | | |
| | UPL | 640.51 | - |
| 6 | Lease Rental Income | | |
| | UPL | 112.50 | - |
| 7 | Interest Expense | | |
| | Bio-win Corporation Limited | 38.86 | 19.94 |
| | UPL | 903.08 | 2,949.28 |
| | Demuric Holding Limited | 87.47 | 78.35 |
| | Swal Corporation Limited | 239.64 | - |
| 8 | Commission on sale | | |
| | UPL | - | 441.71 |
| 9 | Other Reimbursement | | |
| | UPL - Reimbursement of Expenses Received-R & D (Refer Note No. 42) | 1,115.00 | - |
| | UPL - Reimbursement of Expenses Received-Others (Refer Note No.42) | 263.61 | - |
| | UPL - Advance | 274.59 | - |

Notes to Consolidated Financial Statements (continued)

| Sr. No. | Particulars | Current Year ₹ in lacs | Previous Year ₹ in lacs |
|---------|--|---------------------------|----------------------------|
| | UPL - Expenses made | 49.14 | 26.51 |
| | Transfer of Employees Balance | 113.54 | - |
| | Transfer of Customer Balance | 17.58 | - |
| | UPL Mexcio SA de CV - Expenses made | 142.67 | 108.22 |
| | JRF - Expenses made | - | 15.81 |
| 10 | Advance Booking Discounts | | |
| | UPL | - | 53.66 |
| 11 | Remuneration paid | | |
| | Relative of Key Management Personnel | - | - |
| | Key Management Personnel | 334.99 | 260.77 |
| | ABS Advance | | |
| | UPL | - | 206.13 |
| 12 | Loan Paid | | |
| | UPL | 940.00 | 2,200.00 |
| | Demuric Holdings | 3,200.00 | - |
| | Bio-win Corporation Limited | 2,749.75 | 23,265.23 |
| | United Phosphorus Limited (Gibraltar) | - | 1,528.76 |
| 13 | Loan Taken | | |
| | UPL | 1,300.00 | 3,140.00 |
| | Demuric Holding Limited | 1,000.00 | 2,200.00 |
| | Bio-win Corporation Limited | 2,749.75 | 22,790.46 |
| | Balance payable by the Company | | |
| 14 | Loans payable | | |
| | Demuric Holdings Limited | - | 2,200.00 |
| | UPL | 1,300.00 | 940.00 |
| 15 | Commercial Paper Issued | | |
| | UPL | 1,500.00 | 1,500.00 |
| 16 | Commercial Paper Redeemed | | |
| | UPL | 1,500.00 | - |
| 17 | Non Convertible Debentures | | |
| | UPL Repurchase of NCD | 3,800.00 | 21,300.00 |
| | UPL Reissue of NCD | 2,500.00 | - |
| 18 | Current Liabilities | | |
| | Bio-win Corporation Limited | 38.86 | 29.64 |
| | United Phosphorus Limited (Gibraltar) | 1,814.83 | - |
| | UPL | 15.26 | 780.72 |
| | UPL Interest Payable | 281.05 | 388.97 |
| | Demuric Holdings | 100.59 | 24.29 |
| | UPI | 311.03 | 453.79 |
| | Swal Corporation Limited | 131.80 | - |
| 19 | Balance receiveable by the Company | | |
| | PT United Phosphorus , Indonesia (UPI) | 293.70 | 525.87 |
| | Icona | 1,612.20 | - |
| | United Phosphorus De Mexico | 0.84 | - |
| | UPL | 1,122.58 | 2,860.18 |
| | JRF | 4.56 | 4.56 |

Notes to Consolidated Financial Statements (continued)

44. Details of Employee Benefits

A) Defined Benefit Plans - Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

(i) Profit and Loss account

| | Current Year ₹ in lacs | Previous Year ₹ in lacs |
|---|---------------------------|----------------------------|
| Net employee benefit expenses (recognized in Employee Cost) | | |
| Current service cost | 63.50 | 58.54 |
| Interest cost on benefit obligation | 37.18 | 33.25 |
| Expected return on plan assets | (0.30) | (1.53) |
| Net actuarial loss/(gain) recognised during the Year | 149.32 | 8.37 |
| Net Benefit expense | 249.70 | 98.63 |
| Actual return on plan assets | - | - |

(ii) Balance Sheet

| | As at 31-Dec-2012 ₹ in lacs | As at 31-Dec-2011 ₹ in lacs |
|-----------------------------------|-----------------------------------|-----------------------------------|
| Details of Provision for gratuity | | |
| Defined Benefit obligation | 1,060.77 | 745.96 |
| Fair value of plan assets | (16.80) | (20.01) |
| Plan Liability | 1,043.97 | 725.95 |

(iii) Changes in the present value of the defined benefit obligation are as follows:

| | As at 31-Dec-2012 ₹ in lacs | As at 31-Dec-2011 ₹ in lacs |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Opening defined benefit obligation | 720.64 | 690.48 |
| Interest Cost | 37.18 | 33.25 |
| Current service cost | 63.50 | 58.53 |
| Liability transfer in | 13.88 | - |
| Exchange difference on translation | 82.68 | (3.14) |
| Benefits paid | (6.43) | (41.36) |
| Actuarial (gains)/loss on obligation | 149.32 | 8.20 |
| Closing defined benefit obligation | 1,060.77 | 745.96 |

(iv) Changes in the fair value of Plan Assets are as follows:

| | As at 31-Dec-2012 ₹ in lacs | As at 31-Dec-2011 ₹ in lacs |
|--|-----------------------------------|-----------------------------------|
| Opening fair value of plan assets | 3.49 | 19.17 |
| Expected return | 0.30 | 1.53 |
| Contributions made by employer during the Year | 1.13 | 36.25 |
| Assets transfer in | 16.60 | - |
| Benefits paid | (4.72) | (36.76) |
| Actuarial gains/ (loss) | - | (0.18) |
| Closing fair value of plan assets | 16.80 | 20.01 |

Notes to Consolidated Financial Statements (continued)

(v) **Expected contribution to defined benefit plan for the year 2013** 48.17 40.56

(vi) The major categories of plan assets as a percentage of fair value of total plan assets are as follows:

| | As at 31-Dec-2012 | As at 31-Dec-2011 |
|-----------------------------|----------------------|----------------------|
| Insurer Managed Funds (LIC) | 100% | 100% |

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in the expected rate of return on assets due to the improved stock market scenario.

(vii) The principal actuarial assumptions at the Balance Sheet date

| | As at 31-Dec-2012 | As at 31-Dec-2011 |
|--|----------------------|----------------------|
| Discount rate | 3.75% to 8.75% | 3.75% to 8.75% |
| Expected rate of return on plan assets | 8.00% to 8.60% | 8.00% to 8.60% |
| Expected rate of salary increase | 0.00% to 6.00% | 0.00% to 6.00% |
| Employee Turnover | 2.00% | 2.00% |

(viii) Experience adjustment for current year for Gratuity

| | As at 31-Dec-2012 | As at 31-Dec-2011 |
|---------------------------------|----------------------|----------------------|
| On Plan Assets Loss/(Gain) | 0.19 | (0.84) |
| On Plan Liabilities (Loss)/Gain | 12.65 | 12.87 |

(ix) Amounts for the current and previous four periods are as follows:

| | 2012 ₹ in lacs | 2011 ₹ in lacs | 2010 ₹ in lacs | 2009 ₹ in lacs | 2008 ₹ in lacs |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Defined benefit obligation | 1,060.77 | 745.96 | 680.94 | 548.10 | 348.69 |
| Plan Assets | (16.80) | (20.01) | (19.17) | (38.68) | (31.28) |
| Surplus / (Deficit) | 1,043.97 | 725.95 | 661.77 | 509.42 | 317.41 |
| Experience adjustments on plan liabilities | 12.65 | 12.87 | 19.46 | 10.91 | 50.54 |
| Experience adjustments on plan assets | 0.19 | (0.84) | 0.22 | 13.84 | (6.59) |

Notes

1. The estimates of future salary increases, considered in actuarial valuation, takes account of Inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

B) Defined Contribution Plans

Amount of ₹ 499.22 lacs (Previous Year: ₹ 726.14 lacs) is recognised as an expense and included in Note No. 23 – 'Contribution to Provident and Other Funds' in the Statement of Profit and Loss.

Notes to Consolidated Financial Statements (continued)

45. Exceptional Item:

Current Year

Exceptional Item reflects a charge of ₹ 470.42 lacs arising out of settlement of litigation with a holding company's vendor.

Previous Year - Relocation Expenses: Advanta US Inc:

During the previous year the Company consolidated the Sorghum operations at Hereford TX and incurred a cost of US \$ Nil (Previous Year US \$ 0.49 million) (Previous Year INR 238.24 lacs).

46. Asset held for Resale – Advanta US Inc.

As of December 31, 2012 the Company is actively pursuing the sale of property and equipment located in Crosbyton, TX. The net book value of these assets have been presented as held for resale as of December 31, 2012.

47. Prior Period Adjustments:

| Particulars | Current year (₹ in lacs) | Previous year (₹ in lacs) |
|-----------------|-----------------------------|------------------------------|
| Management Fees | - | (62.95) |
| Total | - | (62.95) |

48. In August 2012, the Holding Company has made an application to the Central Government (MCA) seeking its approval for the re-appointment of Mr.V. R. Kaundinya as Managing Director of the Holding Company for a period of 3 years at a maximum remuneration of ₹ 200 lacs per annum for the period starting from 10th July 2012, as the remuneration to be paid by the company is in excess of limit prescribed under the Companies Act,1956. The approval is awaited in this regard. Pending approval, the remuneration is paid to the Managing Director on the basis of existing approval.

49. During the year ended 31 December 2012, the revised Schedule VI notified under the Companies act 1956, has become applicable to the group. The group has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet. In view of the arrangement with UPL (refer note 42) and amalgamation of Unicorn Seeds Private Limited (refer note 27) the figures for the current year are not comparable with previous year.

As per our Report of even date

For S. R. Batliboi & Associates

Firm Registration Number: 101049W
Chartered Accountants

per Sudhir Soni

Partner
Membership Number: 41870

Place : Jaipur

Date : February 8, 2013

For and on behalf of the Board of Directors of
Advanta India Limited

Vikram R. Shroff
Director

Manoj Gupta
Chief Financial Officer

Place : Jaipur

Date : February 8, 2013

V. R. Kaundinya
Managing Director

Pushpalatha K
Company Secretary

ATTENDANCE SLIP



Advanta India Limited

Registered office: Krishnama House, # 8-2-418, 4th Floor, Road No.7, Banjara Hills, Hyderabad - 500034.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint Shareholders may obtain additional Slip at the venue of the meeting

| | | | |
|------------|--|------------------|--|
| DP ID* | | Master Folio No. | |
| Client ID* | | No. of Shares | |

Name and Address of the Shareholder:

Name of the Proxy:

I hereby record my presence at the **19th ANNUAL GENERAL MEETING** of the Members of the Company held **on Wednesday, June 5, 2013 at 11.30 a.m.** at **Hotel Fortune Park Vallabha**, Road No. 12, Banjara Hills, Hyderabad – 500034.

* Applicable for investor holding shares in electronic form

Member's/Proxy signature



PROXY FORM



Advanta India Limited

Registered office: Krishnama House, # 8-2-418, 4th Floor, Road No.7, Banjara Hills, Hyderabad - 500034.

| | | | |
|------------|--|------------------|--|
| DP ID* | | Master Folio No. | |
| Client ID* | | No. of Shares | |

I/We _____ of _____ in the district of _____ being a member/members of Advanta India Limited hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the **19th ANNUAL GENERAL MEETING** of the Members of the Company to be held **on Wednesday, June 5, 2013 at 11.30 a.m.** at **Hotel Fortune Park Vallabha**, Road No. 12, Banjara Hills, Hyderabad – 500034 and at any adjournment thereof.

Signed this _____ day of _____ 2013.

Revenue
Stamp

Signature

Note: (1) This Proxy Form in order to be effective should be duly filled, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company.
(2) No gifts will be distributed at the meeting.

* Applicable for investor holding shares in electronic form

THE REASONS BEHIND THE SMILES



Miguel Gauchat
Santa Fe
Product: VDH 314

"Advanta is a leading company in sorghum and breeding in our country, and it has been many years since we began sowing its products. I chose VDH 314 due to its adaptability to the area and excellent results every year. I believe VDH 314 has a great take off which is an advantage when threshing and it's also a very stable material with great yield and adaptability."

Nahuel Gracioli
Córdoba
Product: VDH 422



"I have been sowing Advanta's sorghums for many years now with great results. VDH 422's behavior is excellent. It actually is a product that in rough years behaves exceptionally. The differential benefit is that it is a material that given difficult conditions waits for the right moment to emerge, achieving homogeneous flowering and better results. VDH 422 is a material that perfectly fits this area, providing a great stability-yield balance."



Lamjuan Thongkham
Ban Huadam, Tambol Intakhin, Amphur Maetang,
Chiangmai Province, Thailand
Product: Sweet Corn

"I had made a contract with Sun Sweet Cannery Company to produce sweet corn material under contract farming program. I planted Hibrix53 in an area of 4 acres. I obtained total fresh cob yield of 33 tons. The produce was sent to Sun Sweet cannery as high quality sweet corn. Hibrix53 is a high yield hybrid, has a good tolerance to Northern corn leaf blight, and provides very uniform big ear from vigorous plants."

Mr Soonthorn Changthong
Koktoom District, Lopburi Province
Thailand
Product: Corn



"I grew 3.69 hectares of Pac339 in my farm. I obtained a total grain yield of 34.5 tons. I am so happy with the yield and performance. I like big ear and high shelling percentage characters. I really like Pac339 and it's my favorite hybrid."

www.advantaseeds.com

ADVANTA INDIA LIMITED

8-2-418 4th Floor Krishnama House Road No.7 Banjara Hills
Hyderabad - 500 034 AP India T: +91 40 6628 4000 F: +91 40 6628 4040



FORM A

**COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH
THE STOCK EXCHANGES**


| | | |
|----|--|--|
| 1. | Name of the Company: | Advanta India Limited |
| 2. | Annual financial statements for the year ended | 31st December 2012 |
| 3. | Type of Audit observation | Matter of Emphasis |
| 4. | Frequency of observation | Appeared for the first time in the audit report on the financial statements for the year ended 31 st December 2012. |

Note: The Company has taken a view that as there are no qualifications in Auditor's report in listed Indian parent company financial statements, Form A is to be filed with the stock exchanges, even though the auditors' report contains qualifications in the consolidated financial statements.

For **S. R. BATLIBOI & ASSOCIATES LLP**
ICAI Firm Registration No. 101049W
Chartered Accountants


per **Sudhir Soni**
Partner
Membership No. 41870
Statutory Auditor




Vinod Sethi
Chairman – Audit Committee


V R Kaundinya
Managing Director


Manoj Gupta
Chief Financial Officer