

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF METAHELIX LIFE SCIENCES LIMITED

#### 1.0 Report on the Financial Statements

We have audited the accompanying financial statements of **METAHELIX LIFE SCIENCES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 (the "Act") with respect to preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### 3.0 Auditor's Responsibility

- 3.1 Our responsibility is to express an opinion on these financial statements based on our audit.
- 3.2 We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
- 3.3 We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



- 3.4 An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- 3.5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **4.0 Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

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

- 5.1 As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 5.2 As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.






(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in Note no 26.1(a) of the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Accordingly, no provisions is recorded in the financial statements.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and hence there are no delays in transferring of amounts to Investor Education and Protection Fund account.

**for DELOITTE HASKINS & SELLS**  
*Chartered Accountants*

Firm' Registration No: 008072S



**S. Ganesh**

*Partner*

Membership No.204108



Place: Bangalore

Date : April 16, 2015

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 5.1 of our report of even date).

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (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 and during the course of our audit we have not observed any failure to correct major weaknesses in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act.
- (vi) In our opinion and according to the information and explanations given to us, maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act is not applicable to the Company.





(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory due in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)
The Income Tax Act 1961	Income tax	DCIT	Assessment year 2012-13	161,533,510

- (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (viii) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (x) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**for DELOITTE HASKINS & SELLS**

*Chartered Accountants*

Firm' Registration No: 008072S

*S. Ganesh*  
**S. Ganesh**

*Partner*

Membership No.204108

Place: Bangalore  
Date : April 16, 2015



	Particulars	Note No.	As at 31st March, 2015 Rs	As at 31st March, 2014 Rs
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
(1)	Shareholders' funds			
	(a) Share capital	3	1,075,020	1,075,020
	(b) Reserves and surplus	4	328,221,873	162,839,509
			<b>329,296,893</b>	<b>163,914,629</b>
(2)	Non - current liabilities			
	(a) Long-term borrowings	5	73,612,536	35,464,212
	(b) Other long- term liabilities	6	40,391,300	35,101,574
	(c) Long-term provisions	7	11,246,000	9,182,441
			<b>125,249,836</b>	<b>79,748,227</b>
(3)	Current liabilities			
	(a) Short-term borrowings	8	409,668,962	319,558,424
	(b) Trade payables	9	819,688,942	648,285,645
	(c) Other current liabilities	10	462,871,925	431,445,605
	(d) Short-term provisions	11	1,562,000	1,238,000
			<b>1,693,791,829</b>	<b>1,400,527,674</b>
	<b>TOTAL</b>		<b>2,148,338,558</b>	<b>1,644,190,530</b>
<b>II</b>	<b>ASSETS</b>			
(1)	Non - current assets			
	(a) Fixed assets			
	(i) Tangible assets	12.a	213,741,840	162,286,000
	(ii) Intangible assets	12.b	37,002,058	53,615,038
	(iii) Intangible assets under development		120,740,958	79,674,296
	(iv) Capital Work in progress		126,009	-
			<b>371,610,865</b>	<b>295,575,354</b>
	(b) Long-term loans and advances	13	75,140,474	69,349,425
			<b>446,751,339</b>	<b>364,924,779</b>
(2)	Current assets			
	(a) inventories	14	1,162,504,344	897,821,354
	(b) Trade receivables	15	412,850,275	306,112,344
	(c) Cash and cash equivalents	16	20,174,410	20,956,389
	(d) Short-term loans and advances	17	94,083,351	49,252,192
	(e) Other current assets	18	11,974,839	5,123,472
			<b>1,701,587,219</b>	<b>1,279,265,751</b>
	<b>TOTAL</b>		<b>2,148,338,558</b>	<b>1,644,190,530</b>

Corporate information and significant accounting policies

1 &amp; 2

See accompanying notes forming part of the financial statements

3 - 26

In terms of our report attached

For Deloitte Haskins &amp; Sells

For and on behalf of the Board of Directors

Chartered Accountants

S. Ganesh      Suresh Kannan      R. Gopalakrishnan      Dr. K.K. Narayanan      Dr. Gautham Nadig      V. Shankar  
 Partner      CFO & Company Secretary      Chairman      Managing Director      Executive Director      Director

S. Ravi Krishna      R. Lakundan      K.R. Venkatadri      Dr. Punita Kumar - Sd/-      Dr. Nataraj  
 Executive Director      Director      Director      Director      Director

Place : Bangalore

Date : 16th April, 2015



Place : Mumbai

Date : 16th April, 2015





Metahelix Life Sciences Limited

Statement of Profit and Loss for the year ended 31st March, 2015

	Particulars	Note No	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
			Rs	Rs
1	Revenue from operations	19	3,099,912,753	2,248,131,429
2	Expenses:			
	(a) Cost of material consumed	21	1,540,470,568	973,536,089
	(b) Changes in inventories of finished goods and work in progress (Increase)/ Decrease	22	(239,041,234)	(33,755,916)
	(c) Employee benefits expense	23	244,075,374	212,749,048
	(d) Other expenses	24	1,309,344,110	928,151,745
	Total Expenses (a+b+c+d)		2,854,848,818	2,080,680,966
3	Earnings before interest, depreciation, tax and amortisation (EBIDTA) (1-2)		245,063,935	167,450,463
4	Finance costs	25	53,415,135	45,526,764
5	Depreciation and amortisation expense	12	46,555,710	44,417,012
6	Other income	20	(20,121,733)	(14,743,500)
7	Profit before tax (3 - 4 - 5 + 6)		165,214,823	92,250,187
8	Tax Expense(benefits)			
	(a) Current tax		28,514,000	13,250,000
	(b) Less: MAT Credit		(28,514,000)	(13,250,000)
	(c) Net current tax expense (a - b)		-	-
	(d) Deferred tax		-	-
	(e) Provision for fringe benefit tax of earlier years		(167,441)	-
9	Profit for the year [ 7 - 8(c) (d) &(e)]		165,382,264	92,250,187
10	Earnings per equity share of Rs 10 each (Refer note 26.13)			
	(1) Basic		1,538.41	858.13
	(2) Diluted		1,538.41	858.13

Corporate information and significant accounting policies

1 & 2

See accompanying notes forming part of the financial statements

3 - 26

In terms of our report attached

For Deloitte Haskins & Sells

For and on behalf of the Board of Directors

Chartered Accountants

S.Ganesh  
Partner

Suresh Kannan  
CFO & Company Secretary

R.Gopalakrishnan  
Chairman

Dr.K.K.Narayanan  
Managing Director

Dr.Gautham Nadig  
Executive Director

V.Shankar  
Director

S.Ravi Krishna  
Executive Director

R.Mukundan  
Director

K.R.Venkatadri  
Director

Dr.Punita Kumar  
Director

Dr.Nataraj  
Director

Place : Bangalore

Date : 16th April, 2015

Place : Mumbai

Date : 16th April, 2015



Metahelix Life Sciences Limited

Cash Flow Statement for the year ended 31st March, 2015

	Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
		Rs.	Rs.
<b>A.</b>	<b>Cash flow from operating activities</b>		
	Net Profit/(Loss) before tax	165,214,823	92,250,187
	Adjustments for:		
	Add:		
	-Depreciation and amortisation	46,535,710	44,417,012
	-Intangible asset written off	10,476,633	17,764,145
	-Advances write back	(1,857,213)	-
	-Creditors write back	(936,651)	-
	-Provision for doubtful trade and other receivable	9,563,799	12,872,372
	-Net unrealised (gain)/loss	-	155,141
	-Finance costs	53,415,135	45,526,764
	- Profit on sale of asset	(108,600)	(6,433,615)
	- Interest income	(3,484,264)	(2,471,627)
	<b>Operating profit before working capital changes</b>	<b>278,839,372</b>	<b>204,080,379</b>
	<b>Changes in working capital:</b>		
	Adjustments for (increase) / decrease in operating assets:		
	- Inventories	(264,682,990)	(151,663,031)
	-Trade receivables	(116,301,730)	(108,615,790)
	-Short-term loans and advances	(38,462,446)	(15,019,954)
	-Long-term loans and advances	18,959,533	(458,735)
	-Other current assets	(6,851,367)	-
	Adjustments for increase / (decrease) in operating liabilities:		
	-Trade payables	172,339,948	280,278,826
	-Other current liabilities	44,264,588	80,529,853
	-Short-term provisions	324,000	(3,141,635)
	-Long-term provisions	2,231,000	(130,000)
	- Other Long-term liabilities	5,618,713	5,531,300
	<b>Net change in working capital</b>	<b>(182,560,751)</b>	<b>87,310,834</b>
	<b>Cash generated from operations</b>	<b>96,278,621</b>	<b>291,391,213</b>
	Net income tax (paid) / refunds	(31,719,045)	(26,851,076)
	<b>Net cash from operating activities-A</b>	<b>64,559,576</b>	<b>264,540,137</b>
<b>B.</b>	<b>Cash flow from investing activities</b>		
	Capital expenditure on fixed assets, including capital advances	(143,364,616)	(118,780,710)
	Proceeds from sale of fixed assets	108,600	8,042,200
	Interest income	3,484,264	2,471,627
	Bank balances not considered as cash and cash equivalents - (Placed)/ Matured	(1,344,495)	(13,061,920)
	<b>Net cash used in investing activities-B</b>	<b>(141,116,247)</b>	<b>(121,328,803)</b>
<b>C.</b>	<b>Cash flow from financing activities</b>		
	Proceeds from long-term borrowings	55,200,000	28,000,000
	Repayment of long-term borrowings	(15,847,984)	(15,739,109)
	Proceeds / Repayment of working capital borrowings (net)	90,110,538	(113,122,913)
	Interest expense	(55,032,357)	(46,444,012)
	<b>Net cash generated/(used in) from financing activities-C</b>	<b>74,430,197</b>	<b>(147,306,034)</b>





Metahelix Life Sciences Limited

Cash Flow Statement for the year ended 31st March, 2015

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	Rs.	Rs.
Net increase/(decrease) in cash and cash equivalents D=A+B+C	(2,126,474)	(4,094,700)
Cash and cash equivalents at the beginning of the year	6,894,469	411,205
Add: Transfer under scheme of merger	-	10,577,964
Cash and cash equivalents at the end of the year*	4,767,995	6,894,469
* Comprises: (Refer note 16 )		
(a) Cash on hand	626,424	833,100
(b) Balances with banks		
- In current accounts	4,053,855	5,778,736
- In deposit accounts	87,716	282,633

Corporate information and significant accounting policies - 1 & 2

See accompanying notes forming part of the financial statements - 3 to 26

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

For and on behalf of the Board of Directors

  
S. Ganesh

Partner

  
Suresh Kannan  
CFO & Company Secretary

  
R. Gopalakrishnan  
Chairman

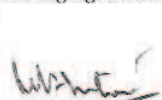
  
Dr. K.K. Narayanan  
Managing Director

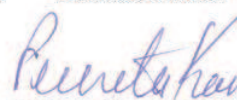
  
Dr. Gautham Nadig  
Executive Director


V. Shankar  
Director

  
S. Ravi Krishna  
Executive Director

  
R. Mukundan  
Director

  
K.R. Venkataradri  
Director

  
Dr. Punita Kumar - Sinha  
Director

  
Dr. Nataraj  
Director

Place : Bangalore  
Date : 16th April, 2015

Place : Mumbai  
Date : 16th April, 2015



## 1. Corporate Information

The Company's primary activities is in the area of agricultural biotechnology and the focus area being the development of new technologies and traits for crop improvement. The Company has a strong research and development program for hybrid seeds in field and vegetable crops. Additionally, the Company uses its strengths in the area of functional genomics, plant transformation and marker assisted selection to develop value added traits such as insect, weed and virus protection traits to its hybrid seeds products. The Company also produce parent seeds at various locations. The Company is also engaged in the production and marketing of seeds. Operations of the Company are spread out across various zones in the country with research and development activity primarily based out of Bangalore, Hyderabad, Ahmadabad, Aurangabad; seeds production in Andhra Pradesh and Karnataka; seed processing facilities at Hyderabad.

## 2. Significant Accounting policies

### 2.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### 2.2. Revenue Recognition

Revenue from Sale of products/goods (net of tax) is recognized upon passage of title to the customer, which generally coincides with their delivery. Revenue is net of trade discounts, sales returns and VAT. Cash discount and other performance/volume based incentives are considered as expenses.

Revenue from technology fee contracts are recognized as per the terms of the contracts on completion of specific performance obligations under the contract and when reasonable certainty of receiving the consideration is established.

### 2.3. Fixed assets

Fixed Assets are stated at their historical cost of acquisition or construction, less accumulated depreciation and impairment losses if any. Cost includes all cost incurred to bring the assets to their location and condition. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work in progress -projects under which assets are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets under development -expenditure on Research and development (Refer Note 2.6) eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.





#### 2.4. Borrowing cost

Borrowing costs attributable to the acquisition of qualifying asset as defined under Accounting Standard 16 on Borrowing Costs are capitalized as part of acquisitions. Other borrowing costs are charged to the Statement of Profit and Loss.

#### 2.5. Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support

Asset Category	Useful Life
Factory Building	25 years
Seed Processing Machine	15 years
Lab Equipment	10 years

'Intangible assets are amortised over a period of three years based on straight line method

'The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any

Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase. Depreciation on Fixed Assets added/disposed of during the year is provided on pro-rata basis from the date of such addition or, as the case may be up to the date on which such asset has been sold, discarded, demolished or destroyed.

#### 2.6. Research & Development cost

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs including crop breeding programs consisting of parent or line development of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility and commercial viability has been established, in which case such expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use. Fixed assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for tangible fixed assets.

#### 2.7. Inventories

Inventories are valued at the lower of cost (determined on weighted average basis) and net realizable value after providing for obsolescence and other loss where considered necessary. Cost of Inventories includes cost of purchase, cost of processing and other costs incurred in bringing it to their present location and condition. Remnant/substandard stocks are not valued and are accounted as revenue in the





year of sale of such stock. Work-in-progress and Finished goods include material cost and appropriate share of production overheads. The Company's products are not subject to Excise duty.

## **2.8. Grants**

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis

## **2.9. Foreign Currency Transactions**

### **Accounting of exchange difference:**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Realized gain/loss on such transaction is recognized as income or expense in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities are translated into Rupees at the exchange rate prevailing at year end. The exchange gain/loss arising out of such translation is dealt in the Statement of Profit and Loss.

### **Accounting of Forward Contract**

Premium / discount on forward exchange contracts which are not intended for trading or speculation purposes are amortized over the period of the contracts, if such contract relates to monetary items as at the balance sheet date. Any profit or loss arising on cancelation or renewal of such a forward exchange contract is recognised as income or as expenditure in the period in which such cancelation or renewal is made.

## **2.10. Employee Benefits**

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

### **Defined contribution plans**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when service are rendered by the employees.





### Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

### Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

## 2.11. Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of Income tax act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income





available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

#### **2.12. Use of Estimates**

The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires, the management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenue and expenses for the year. Actual results could differ from these estimates

#### **2.13. Provisions and contingencies**

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balances sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised and, if any, are adequately disclosed in the notes to accounts

#### **2.14. Impairment of assets**

"The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The intangible assets capitalised and intangibles under development are tested for impairment each financial year even if there is no indication that the asset is impaired

"If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss

"The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

#### **2.15. Leases**

Where the Company as a lessor leases assets under operating leases, such amounts are recognized as income on an accrual basis.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss over primary period of lease on a straight-line basis over the lease term.

#### **2.16. Cash Flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past





3 Share Capital

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number	Rs	Number	Rs
<b>Authorised</b> Equity Shares with voting rights of Rs.10 each Refer note 26.20	28,812,800	288,128,000	28,812,800	288,128,000
<b>Issued, Subscribed and Fully Paid up</b> Equity Shares with voting rights of Rs.10 each	107,502	1,075,020	107,502	1,075,020

a. Reconciliation of Equity shares with voting rights outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number	Rs	Number	Rs
At the beginning and end of the year	107,502	1,075,020	107,502	1,075,020

b. The Company has only one class of equity share having a par value of Rs.10/- each. 1 holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. However, as on date no such preferential amount exists. The distribution will be in proportion to number of equity shares held by the shareholders.

c. Shares held by Holding / Ultimate Holding Company and / or their subsidiaries / associates

Out of total equity shares with voting rights issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries / associates are as below:

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number		Number	
Rallis India Limited, the holding company and its nominees	86,549		86,549	

d. Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	% Holding	No. of Shares	% Holding
Rallis India Limited and its nominees	86,549	80.51%	86,549	80.51%
Dr K K Narayanan	7,616	7.08%	7,616	7.08%
Dr Gautham Nadig	8,254	7.68%	8,254	7.68%



#### 4 Reserves and Surplus

Particulars	As at 31st March, 2015			As at 31st March, 2014			
	Opening balance	Additions during the year	Closing Balance	Opening balance	Transfer on Amalgamation( Refer note 26.20)	Additions during the year	Closing Balance
	Rs	Rs	Rs	Rs		Rs	Rs
(a) Securities Premium Account	670,431,656	-	670,431,656	670,431,656	-	-	670,431,656
(b) Surplus/(Deficit) in the Statement of Profit and Loss	(510,092,047)	165,382,264	(344,709,783)	(69,389,745)	(532,952,489)	92,250,187	(510,092,047)
(c) Capital Reserves	2,500,000	-	2,500,000	-	2,500,000	-	2,500,000
	162,839,609	165,382,264	328,221,873	601,041,911	(530,452,489)	92,250,187	162,839,609

#### 5 Long-term Borrowings

Particulars	As at 31st March, 2015	As at 31st March, 2014
	Rs	Rs
<b>Term loans</b>		
<b>From Bank</b>		
- Secured (Refer note (c),(d),(e) & (f) below)	58,833,336	19,361,112
<b>From Others parties</b>		
- Secured		
Biotechnology Industry Partnership Project (Refer note (a) below)	8,950,300	9,441,500
- Unsecured		
Loan from Council of Scientific and Industrial Research (Refer note (b) below)	5,828,900	6,661,600
<b>Total</b>	<b>73,612,536</b>	<b>35,464,212</b>

a. Term loan from Biotechnology Industry Partnership Project is secured by hypothecation of all equipment, apparatus machineries, machineries spares, tools and other accessories, goods and/or the other movable property of the Company, present and future to a value equivalent to the amount of loan and interest thereon and the royalty payable on grant-in-aid till the full and final settlement of all dues. Term loan is repayable alongwith interest in 10 equal half yearly installments and shall commence either from one year from the date of completion of the project or 31st December, 2014 -(Rice) and 30th June, 2016 -(Maize) (being the cut off date of project completion). The balance payable as on 31st March 2015 is DBT rice loan Rs 4,912,000 (of which Rs 491,200 has been grouped under other current liabilities refer note 10) and balance payable on DBT maize Loan is Rs 4,529,500. The Company has made an application with the Biotechnology Industry Research Assistance Council on March 16, 2015 for extension of DBT-Rice project till December 31, 2017. The Company is yet to receive an approval for extension.

b. Term loan from Council of Scientific and Industrial Research repayable alongwith interest in 10 annual installments commencing from 1st April 2013.

c. Term loan from Kotak Mahindra Bank - I secured by all piece and parcel of the immovable agricultural property situated at Kokkonda Village and Plant & machinery of the Company situated at Cob drying unit at Hyderabad. The balance outstanding as at March 31, 2015 is Rs.444,444(same has been grouped under note 10 other current liabilities) repayable in April 2015.

d. Term loan from Kotak Mahindra Bank - II secured by first pari passu charge plant & machinery of Unit 3 at Hyderabad, present and future (purchased out of proceeds of Term Loan II) of Cob drying unit, Immovable agricultural property of the Company at Kokkonda Village and Proposed plant & machinery of Unit 3 Hyderabad (purchased out of proceeds of Term Loan II) of the Cob drying unit. The balance outstanding as at March 31, 2015 is Rs.7,150,000(of which Rs 3,900,000 has been grouped under note 10 other current liabilities) repayable in 22 equated monthly installments of Rs.325,000.

e. Term loan from Kotak Mahindra Bank - III-is secured by Paripassu charge on land and building at Cob drying unit at Hyderabad, to be shared with Axis Bank and ICICI Bank. First and exclusive charge on proposed plant and machinery of Unit 4 of the cob drying unit purchased/ being purchased out of the Bank's term loan. The balance outstanding is Rs.36,700,000(of which Rs 6,116,664 has been grouped under note 10 other current liabilities) which is repayable in 36 monthly installments from Oct 2015 onwards. The company is in the process of registering the charge dated 27th March 2015 with Registrar of companies, Karnataka





f. Term loan from ICICI Bank - is secured by hypothecation of movable assets, both present and future including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future All piece and parcel of the Immoveable Agricultural property situated at Kokkanda Village, Mulugu Mandal, Medak Distric. The balance outstanding as at March 31, 2015 is Rs.30,000,000(of which Rs 5,000,000 has been classified under note 10 other current liabilities) repayable in 24 equated quarterly installments of Rs. 1,250,000 each.

g. For the current maturity of Long-term Borrowings, refer note 10 (a) Other Current Liabilities

#### 6 Other Long- term Liabilities

Particulars	As at 31st March, 2015	As at 31st March, 2014
	Rs	Rs
<b>a) Others</b>		
i) Interest accrued but not due on borrowings	322,991	651,978
ii) Security deposits received	40,068,309	34,449,596
<b>Total</b>	<b>40,391,300</b>	<b>35,101,574</b>

#### 7 Long-term Provisions

Particulars	As at 31st March, 2015	As at 31st March, 2014
	Rs	Rs
<b>a) Provision for employee benefits</b>		
Compensated absences (Refer note 26.9)	11,246,000	9,015,000
<b>b) Others</b>		
Provision for fringe benefit tax	-	167,441
<b>Total</b>	<b>11,246,000</b>	<b>9,182,441</b>



8 Short-term borrowings

Particulars	As at 31st March, 2015	As at 31st March, 2014
	Rs	Rs
(a) Loans repayable on demand from banks (Secured) (Refer note (i) below)	159,668,962	2,058,424
(b) Term loan from bank (secured) (Refer note (ii) below)	150,000,000	267,500,000
(c) Term loan from bank (Unsecured) (Refer note (iii) below)	100,000,000	50,000,000
<b>Total</b>	<b>409,668,962</b>	<b>319,558,424</b>

i) Working capital loan from Kotak Mahindra Bank and HDFC Bank Ltd secured by first pari passu charge by way of Hypothecation of Current assets, both present & future and the Immovable property at Bommasandra ,Bangalore together with plant and machinery of the Company and working capital loan form Yes bank Secured by First pari passu charge on all present & future stocks and book debts of the Company.

ii) Term loan from Yes bank secured by way of first pari passu charge on all present & future stocks and book debts of the Company and repayable on 30th April 2015.

iii) Term loan Rs.50,000,000 repayable on 9th June 2015 and balance of Rs.50,000,000 repayable on 15th June 2015.

9 Trade Payables

Particulars	As at 31st March, 2015	As at 31st March, 2014
	Rs	Rs
Trade Payables - Other than acceptances	819,688,942	648,285,645
<b>Total</b>	<b>819,688,942</b>	<b>648,285,645</b>





10 Other Current Liabilities

Particulars	As at 31st March, 2015	As at 31st March, 2014
	Rs	Rs
a. Current maturity of long-term debt (Refer note below)	15,952,308	14,748,616
b. Interest accrued but not due on borrowings	1,294,934	2,583,169
c. Other Payables		
i. Advance from customers	428,837,997	386,117,051
ii. Payables on purchase of fixed assets	3,038,309	13,934,821
iii. Statutory remittances	5,221,377	5,639,948
iv. Provision for Gratuity	3,527,000	3,422,000
v. Accruals for contingencies	5,000,000	5,000,000
<b>Total</b>	<b>462,871,925</b>	<b>431,445,605</b>

Note: Refer Note 5 - Long term borrowings for details of security and guarantee

11 Short-term Provisions

Particulars	As at 31st March, 2015	As at 31st March, 2014
	Rs	Rs
a. Provision for employee benefits		
Compensated absences (Refer note 26.9)	1,562,000	1,238,000
b. Others		
(Net of tax payments of Rs.45,260,000 Previous year Rs 13,357,895)	-	-
<b>Total</b>	<b>1,562,000</b>	<b>1,238,000</b>



12 Fixed Assets

Particulars	Gross Block				Depreciation and Amortisation				Net Block		
	Balance as at 1st April, 2014	Transfer under the scheme of merger(Refer Note 26.20)	Additions	Disposals/ adjustments	Balance as at 31st March, 2015	Balance as at 1st April, 2014	Transfer under the scheme of merger(Refer Note 26.20)	Depreciation/ Amortisation charge for the year	On disposals/ adjustments	Balance as at 31st March, 2015	Balance at at 31st March, 2014
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
<b>a</b>											
<b>Tangible Assets</b>											
Freehold Land - owned	18,701,147	-	-	-	18,701,147	-	-	-	-	18,701,147	18,701,147
	(11,218,492)	(9,091,240)	-	(1,608,585)	(18,701,147)	-	-	-	-	(18,701,147)	(11,218,492)
Buildings - owned	74,470,371	-	36,699,877	-	111,170,248	28,312,695	-	2,831,639	-	31,144,334	46,157,676
	(25,847,022)	(20,905,980)	(27,717,369)	-	(74,470,371)	(24,278,402)	(2,286,137)	(1,748,156)	-	(28,312,695)	(1,568,620)
Plant and Equipment - Owned	145,372,446	-	27,640,658	1,671,812	171,341,292	52,131,529	-	9,671,865	1,671,812	111,209,710	93,240,917
	(21,396,866)	(71,281,245)	(52,848,735)	(154,400)	(145,372,446)	(18,130,959)	(25,521,045)	(8,633,925)	(154,400)	(52,131,529)	(3,265,907)
- Given under operating lease	4,801,611	-	-	-	4,801,611	3,839,973	-	137,377	-	3,977,350	961,638
	-	(4,801,611)	-	-	(4,801,611)	-	(3,359,812)	(480,161)	-	(3,839,973)	-
Furniture and Fixtures - owned	3,480,698	-	350,527	5,000	3,826,225	3,038,912	-	242,344	5,000	3,276,256	441,786
	(2,656,761)	(502,759)	(321,178)	-	(3,480,698)	(2,220,448)	(465,424)	(353,040)	-	(3,038,912)	(436,313)
Vehicles - owned	4,760,570	-	-	2,790,417	1,970,153	4,711,518	-	49,052	2,790,417	1,970,153	49,052
	(4,255,850)	(504,720)	-	-	(4,760,570)	(3,842,147)	(389,257)	(480,114)	-	(4,711,518)	(413,703)
Office Equipments - owned	7,276,176	-	757,536	16,000	8,017,712	4,542,392	-	1,060,481	16,000	5,586,873	2,733,784
	(726,704)	(3,916,362)	(2,647,610)	(14,500)	(7,276,176)	(689,329)	(2,008,624)	(1,858,939)	(14,500)	(4,542,392)	(37,375)
<b>Total</b>	258,863,019	-	65,448,598	4,483,229	319,828,388	96,577,019	-	13,992,758	4,483,229	106,086,548	162,286,000
	(66,101,695)	(111,003,917)	(83,534,892)	(1,777,483)	(258,863,019)	(49,161,285)	(34,030,299)	(13,554,335)	(168,900)	(96,577,019)	(16,940,410)
<b>b</b>											
<b>Intangible Assets</b>											
Internally generated											
Seed development technology - owned	102,021,687	-	13,621,818	-	115,643,505	49,084,870	-	31,038,728	-	80,123,598	52,936,817
	(73,840,812)	-	(28,180,875)	-	(102,021,687)	(19,145,084)	-	(29,939,786)	-	(49,084,870)	(54,695,728)
Others											
Computer software - owned	7,833,182	-	2,328,133	-	10,161,315	7,154,941	-	1,524,223	-	8,679,164	678,241
	(6,065,903)	(770,005)	(997,274)	-	(7,833,182)	(5,496,590)	(735,460)	(922,891)	-	(7,154,941)	(569,313)
<b>Total</b>	109,854,869	-	15,949,951	-	125,804,820	56,239,811	-	32,562,951	-	88,802,762	53,615,058
	(79,906,715)	(770,005)	(29,178,149)	-	(109,854,869)	(24,641,674)	(735,460)	(30,862,677)	-	(56,39,811)	(55,265,041)

Note : Figures in brackets indicate balances of previous year





13 Long-term loans and advances (Unsecured considered good)

	Particulars	As at 31st March, 2015	As at 31st March, 2014
		Rs	Rs
	a) Capital Advance		
	i) to a related party (Refer note below)	-	6,368,713
	ii) to others	-	599,750
	b) Security deposits((Unsecured, considered good)	3,220,233	21,220,233
	c) Balance with govt authorities		
	i) MAT credit entitlement	47,620,830	19,106,830
	ii) Sales tax	-	959,533
	iii) Advance Tax/ Tax deduction at source (Net of provision of Rs.45,260,000 Previous year Rs 13,357,895)	24,299,411	21,094,366
	<b>Total</b>	<b>75,140,474</b>	<b>69,349,425</b>

Note: Capital advance to related party is to a Director towards use/ purchase of agricultural land (Refer Note 26.11)

14 Inventories( (at lower of cost or net realisable value)

	Particulars	As at 31st March, 2015	As at 31st March, 2014
		Rs	Rs
	a. Raw materials and packing material	335,287,044	309,645,288
	b. Work-in-progress (seeds)	8,967,993	7,448,350
	c. Finished goods	818,249,307	580,727,716
	<b>Total</b>	<b>1,162,504,344</b>	<b>897,821,354</b>

15 Trade Receivables

	Particulars	As at 31st March, 2015	As at 31st March, 2014
		Rs	Rs
	(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
	Unsecured, considered good	166,036,657	61,612,945
	Unsecured, considered doubtful	46,785,056	67,279,764
	Less: Provision for doubtful trade receivables	(46,785,056)	(67,279,764)
		<b>166,036,657</b>	<b>61,612,945</b>
	(b) Other trade receivables		
	Unsecured, considered good	246,813,618	244,499,399
		<b>246,813,618</b>	<b>244,499,399</b>
	<b>Total</b>	<b>412,850,275</b>	<b>306,112,344</b>



16 Cash and cash equivalents

Particulars	As at 31st March, 2015	As at 31st March, 2014
	Rs	Rs
<b>A. Cash and cash equivalents(as per AS 3 Cash Flow statement )</b>		
a. Cash on hand	626,424	833,100
b. Balances with banks :		
i) Current accounts	4,053,855	5,778,736
ii) In other deposit accounts	87,716	282,633
	<b>4,767,995</b>	<b>6,894,469</b>
<b>B. Other bank balances</b>		
In earmarked accounts - Balances held as margin money	15,406,415	14,061,920
	<b>15,406,415</b>	<b>14,061,920</b>
<b>Total</b>	<b>20,174,410</b>	<b>20,956,389</b>





17 Short-term loans and advances: (Unsecured considered good)

Particulars	As at 31st March, 2015	As at 31st March, 2014
	Rs	Rs
a. Prepaid expenses	5,613,368	3,864,812
b. Loans and advances to employees	10,106,773	9,785,678
c. Advances to vendors	37,010,730	27,201,122
d. Balances with government authorities - Tender deposits	6,983,767	8,400,580
e. Security deposit	28,000,000	-
e.Capital advance(Refer note below)	6,368,713	-
<b>Total</b>	<b>94,083,351</b>	<b>49,252,192</b>

Note: Capital advance to related party is to a Director towards use/ purchase of agricultural land (Refer Note 26.11)

18 Other current assets (Unsecured considered good)

Particulars	As at 31st March, 2015	As at 31st March, 2014
	Rs	Rs
Grants	936,756	936,756
Other Receivables	11,038,083	4,186,716
<b>Total</b>	<b>11,974,839</b>	<b>5,123,472</b>



19 Revenue from Operations

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
(a) Sale of products - Seeds	3,093,351,902	2,245,392,598
(b) Sale of services		
Revenue - Genomics	-	117,000
(c) Other operating revenues		
Farm income	2,875,208	2,621,831
Revalidation Charges	3,685,643	-
<b>Total</b>	<b>3,099,912,753</b>	<b>2,248,131,429</b>

20 Other Income

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
(a) Gain on sale of Fixed Assets (net)	108,600	6,433,615
(b) Interest Income		
(i) From bank deposits	1,387,974	449,685
(ii) From other deposits	2,059,562	1,980,000
(iii) Loans and advance to employees	36,728	41,942
(c) Other non-operating income		
(i) Insurance claims	103,874	25,473
(ii) Lease rentals	1,100,000	1,100,000
(iii) Facilitation fee	10,558,156	4,712,785
(iv) Advances write back	1,857,213	-
(v) Creditors write back	936,651	-
(vi) Other Income	1,972,975	-
<b>Total</b>	<b>20,121,733</b>	<b>14,743,500</b>





21 Cost of materials consumed

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
Cost of Materials Consumed (Refer note 26.7 and 26.15 )		
Opening inventory of raw material (Including packing material & chemical )	309,645,288	-
Add : Transferred under the Scheme of Merger ( Refer Note 26.20)		191,738,173.00
Purchase of seeds	1,246,606,659	892,214,006
Add: Seed production expenses	205,626,536	113,133,032
Add: Processing Charges	113,879,129	86,096,166
Less: Closing inventory of raw materail (including packing materail & chemical )	335,287,044	309,645,288
<b>Total</b>	<b>1,540,470,568</b>	<b>973,536,089</b>

22 Changes in inventories of finished goods and work-in-progress - (Increase)/ Decrease

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
<b>Closing Stock</b>		
Finished Goods	818,249,307	580,727,716
Work- in- Progress	8,967,993	7,448,350
	<b>827,217,300</b>	<b>588,176,066</b>
<b>Opening Stock</b>		
Finished Goods	580,727,716	36,290,038
Work- in- Progress	7,448,350	5,838,422
Add : Transferred under the Scheme of Merger ( Refer Note 26.20)		512,291,690
Finished Goods		
	<b>588,176,066</b>	<b>554,420,150</b>
<b>Net (Increase)/ Decrease</b>	<b>(239,041,234)</b>	<b>(33,755,916)</b>



23 Employee benefits expense (Refer note 26.9,26.11 & 26.15)

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
Salaries and wages	218,822,114	194,202,059
Contributions to provident funds and other funds (Refer note 26.9)	15,987,885	12,120,917
Staff welfare expenses	9,265,375	6,426,072
<b>Total</b>	<b>244,075,374</b>	<b>212,749,048</b>

24 Other expenses

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
Breeding expenses	12,884,936	6,572,333
Lab expenses (Refer Note 26.5)	7,309,001	4,860,336
Rent including lease rentals (Refer Note 26.12)	28,809,385	12,001,196
Freight and forwarding	121,597,227	81,193,912
Travelling and conveyance (Refer note 26.5)	78,293,597	58,707,987
Business Promotion	391,360,016	259,799,482
Expenditure on corporate social responsibilities	950,236	-
Cash discount on sales	581,431,942	412,597,723
Solacium (Refer Note 26.18)	3,537,363	575,413
Communication Expenses	7,027,679	6,595,948
Legal and Professional (Refer note 26.5)	13,324,022	12,844,360
Rates and Taxes	5,537,880	8,648,279
Power and fuel	14,768,145	13,926,806
Repairs and maintenance;		
- Plant and machinery	803,775	1,290,094
- Building	821,584	531,704
- Others	7,083,179	5,855,729
Security charges	6,611,777	4,219,615
Insurance	1,669,759	2,211,775
Net loss on foreign currency transactions and translation	656,041	533,171
Intangible asset written off	10,476,633	17,764,145
Provision for doubtful trade and other receivable	9,563,799	12,872,372
Bad trade receivables written off	30,058,507	-
Less : Provision for doubtful debts written back	(30,058,507)	-
Donations and contributions	-	591,168
Miscellaneous Expenses	4,826,134	3,958,197
<b>Total</b>	<b>1,309,344,110</b>	<b>928,151,745</b>

Note: Payment to statutory auditors comprises ( included in legal and professional charges)

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
For audit	1,368,000	1,348,320
For taxation matters	228,000	224,720
For other services	84,270	84,270
Reimbursement of expenses	238,545	102,916
<b>Total</b>	<b>1,918,815</b>	<b>1,760,226</b>

25 Finance costs

Particulars	For the year ended, 31st March, 2015	For the year ended 31st March, 2014
	Rs.	Rs.
Interest expenses on borrowings	53,415,135	45,526,764
<b>Total</b>	<b>53,415,135</b>	<b>45,526,764</b>





**26 Other Information**

**26.1 Contingent Liabilities and commitments(to the extent not provided for);**

- a) **Contingent Liabilities** - Claims not acknowledged by the Company relating to cases contested by the company and which, in the opinion of the Management, are not likely to devolve on the Company relating to the following areas:

- Demand from Income Tax authorities received subsequent to the year end for assessment year 2012-13 Rs.161,533,510. The Company does not expect any liability on this account as the reasons for disallowance are erroneous and are not sustainable. Also the significant carry forward losses have not been considered while rising this demand. The Company is in the process of filing the appeal.

- Other Legal cases filed against the Company Rs 25,206,368 (Previous Year: Rs 23,806,368)

b) **Commitments;**

- i) Estimated amount of contract with minimum commitment for plant activity Rs 8,16,00,000 (Previous Year: Rs 15,66,80,000)
- ii) Estimated amount of contract remaining to be executed on capital account and not provided for Rs 8,763,922 (Previous Year: Nil.)
- iii) Capital commitment towards investment in joint venture in Indonesia USD 196,000 (Previous Year: Rs Nil).

**26.2 Micro and Small enterprises**

There are no Micro and Small enterprises to whom the company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

**26.3 Derivative disclosures**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amount receivable in foreign currency on account of the following:

	For the year ended 31st March, 2015		For the year ended, 31st March, 2014	
Particulars	Amount in Rs.	Foreign Currency	Amount in Rs.	Foreign Currency
Trade Receivable	-	-	4,309,459	USD 72,000



**26.4 Value of imports calculated on CIF basis**

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
Raw Materials	16,873,125	16,401,815
Lab equipments	3,006,182	866,140
	19,879,307	17,267,955

**26.5 Expenditure in Foreign Currency**

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
Travelling and conveyance	801,196	849,566
Lab expenses	447,877	223,544
Membership /Subscription	50,026	543,100
Patent filing fees	-	94,865
Crop Trial Fees	-	1,020,401
Legal & Professional	4,254,225	2,921,952
	5,553,324	5,653,428

**26.6 Earnings in Foreign Currency**

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
Exports of goods calculated on F.O.B Basis	8,614,045	13,758,068
	8,614,045	13,758,068

**26.7 Details of consumption of imported and indigenous items**

Particulars	For the year ended, 31st March, 2015		For the year ended, 31st March, 2014	
	%	Amount (Rs)	%	Amount (Rs)
Import	1%	16,873,125	2%	16,505,863
Indigenous	99%	1,523,597,443	98%	957,030,226
Total		1,540,470,568		973,536,089





**26.8 Details of Government grants**

Particulars	For the year ended, 31st	For the year ended, 31st
	Rs	Rs
Opening Balances of grant received in earlier years deferred (included under other current liabilities - Income received in advance (Customer advances) - Note 9	936,756	936,756
Government grant received by the company during the year	-	-
Government grant recognised as Income (Included under Revenue from Operations - other operating revenues - Note 19)	-	-
Closing balance of grant receivable - (Included under Other current assets - Note No.18)	936,756	936,756

**26.9 Employees Benefits Plan**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.11,366,368 (Previous Year Rs.8,797,552) for Provident Fund contributions and Rs.1,66,348 (Previous year Rs.259,958) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**Defined benefits plans**

The Company offers the following employee benefit schemes to its employees:

1- Gratuity - (included as part of Contributions to provident funds and other funds in Note 24 Employee benefits expense)

The following table sets out the funded status of the defined benefit schemes and the amount recognized in the financial statements:



	Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
		Rs	Rs
I	<b>Components of employer expense</b>		
1	Current Service cost	3,559,000	3,111,000
2	Interest cost	1,580,000	1,148,000
3	Expected return on plan assets	(1,232,000)	(797,000)
4	Actuarial Losses/(Gains)	1,372,000	(139,000)
5	Transitional liability recognised in the year		
6	Past service cost- non vested benefits		
7	Past service cost- vested benefits		
8	<b>Total expense recognized in the Statement of Profit &amp; Loss</b>	<b>5,279,000</b>	<b>3,323,000</b>
II	<b>Actual Contribution and Benefits Payments for year ended</b>		
1	Actual benefit payments	963,000	832,000
2	Actual Contributions	5,174,000	7,666,000
III	<b>Net asset/(liability) recognised in Balance Sheet</b>		
1	Present value of Defined Benefit Obligation (DBO)	23,426,000	17,362,000
2	Fair value of plan assets	19,899,000	13,940,000
3	Funded status [Surplus/(Deficit)]	(3,527,000)	(3,422,000)
4	Unrecognized Past Service Costs	-	-
5	<b>Net asset/(liability) recognised in Balance Sheet</b>	<b>(3,527,000)</b>	<b>(3,422,000)</b>
6	Experience adjustments on plan liabilities -(loss)/gain	362,000	514,000
7	Experience adjustments on plan assets -(loss)/gain	516,000	(453,000)
IV	<b>Change in Defined Benefit Obligations during the year ended</b>		
1	Present Value of DBO at beginning of period	17,362,000	7,903,000
2	Acquisition adjustment	-	6,624,000
3	Current Service cost	3,559,000	3,111,000
4	Interest cost	1,580,000	1,148,000
5	Actuarial (gains)/ losses	1,888,000	(592,000)
6	Past service cost-(non vested benefits)		-
7	Past service cost -(vested benefits)		-
8	Benefits paid	(963,000)	(832,000)
6	<b>Present Value of DBO at the end of period</b>	<b>23,426,000</b>	<b>17,362,000</b>





	Particulars	For the year ended, 31 <sup>st</sup> March, 2015	For the year ended, 31 <sup>st</sup> March, 2014
		Rs	Rs
<b>V</b>	<b>Change in Fair Value of Assets during the year ended</b>		
1	Plan assets at beginning of period	13,940,000	3,802,000
2	Acquisition Adjustment	-	2,960,000
3	Actual return on plan assets	1,232,000	797,000
4	Actual Company contributions	5,174,000	7,666,000
5	Benefits paid	(963,000)	(832,000)
6	Actuarial (gains)/ losses	516,000	(453,000)
7	Plan assets at the end of period	19,899,000	13,940,000
<b>VI</b>	<b>Composition of the plan assets is as follows:</b>		
	Equity mutual fund	-	-
	Bonds	19,899,000	13,940,000
<b>VII</b>	<b>Actuarial Assumptions for Gratuity</b>		
1	Discount Rate	7.80%	9.10%
2	Expected Return on plan assets	9.00%	9.00%
3	Salary escalation	8.00%	8.00%
4	Mortality	IALM 2006-08 (Ultimate)	IALM 2006-08 (Ultimate)
5	Withdrawal Rates	12%	12%
6	Estimate of amount of contribution in the immediate next year	7,000,000	4,000,000

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

#### Experience adjustment

Gratuity	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014	For the year ended, 31 <sup>st</sup> March, 2013	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
	Rs	Rs	Rs	Rs	Rs
Present value of DBO	23,426,000	17,362,000	7,903,000	5,659,844	4,057,572
Fair value of plan assets	19,899,000	13,940,000	4,480,365	3,849,233	3,072,257
Funded status [Surplus / (Deficit)]	(3,527,000)	(3,422,000)	(3,422,635)	(1,810,609)	(1,015,315)
Experience gain / (loss) adjustments on plan liabilities	362,000	514,000	650,000	1,222,005	624,371
Experience gain / (loss) adjustments on plan assets	516,000	(453,000)	41,000	(152,420)	(51,665)



Actuarial Assumptions for long term compensated absences/leave plan	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
Discount Rate	7.90%	9.10%
Salary escalation	8.00%	8.00%
Mortality	IALM 2006-08 (Ultimate)	IALM 2006-08 (Ultimate)
Withdrawal Rates	12%	12%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

#### 26.10 Segment information

The Company is principally engaged in the production and marketing of seeds. The seed related activities are considered as primary segment and secondary segment is reported based on the geographical location of customers

The sales outside India are less than the threshold limits, as such the disclosure requirement under AS-17 have not been disclosed.

#### 26.11 Related party transactions

Ultimate Holding Company	Tata Chemicals Ltd
Holding Company	Rallis India Limited

Key Managerial Personnel	Dr. K.K. Narayanan - Managing Director
	Dr. Gautham Nadig - Executive Director
	Mr.S.Ravi Krishna -Executive Director

Transactions/Outstanding	Holding Company-Rallis India Limited		Ultimate Holding Company-Tata Chemicals Ltd		Key Managerial personnel	
	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs	Rs	Rs	Rs	Rs
Sales	70,051,445	77,353,813	327,160,007	214,920,308	-	-
Cash discount on sales	10,270,543	-	60,445,751	36,496,351	-	-
Processing charges & freight reimbursement	6,688,875	7,373,416	7,296,554	627,794	-	-
Purchases	6,520,750	14,011,665	-	-	-	-
Trade payable as at the year end	-	7,641,198	-	-	-	-
Advance as at the year-end	43,017,541	23,270,000	-	21,910,653	-	-
Trade receivables as at the year end	-	18,362,907	19,291,408	-	-	-
Dr K K Narayanan-Managing Director	-	-	-	-	6,368,713	6,368,713





	Key Managerial Personnel	
	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
<b>Managerial Remuneration;</b>		
Dr K K Narayanan - Managing Director	5,800,000	4,700,000
Dr Gautham Nadig - Executive Director	5,800,000	4,700,000
Mr.S.Ravi Krishna - Executive Director	6,300,000	5,800,000

No amount is/has been written back during the year in respect of debts due from/to a related party

#### 26.12 Lease arrangement:

- As Lessor: The Company has entered into operating lease arrangement for the plant and machinery. The lease is cancellable on mutual consent. The amount of income recognized for the current year of Rs 1,100,000 (Previous year 1,100,000) and depreciation charged for the current year Rs 131,377 (Previous year - Rs.480,161) in the Statement of Profit and Loss.
- As Lessee: The Company has entered into operating lease arrangement for the building and plant & machinery. The lease is cancellable on mutual consent. The amount of expenditure recognized for the current year of Rs 28,809,385 (Previous year - Rs.12,001,196) in the Statement of Profit and Loss.

#### 26.13 Earnings per share

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
i) Net Profit/ (Loss) after tax	165,382,264	92,250,187
ii) Weighted Average number of Equity Shares for Basic EPS (Nos.)	107,502	107,502
iii) Weighted Average number of Equity Shares for Diluted EPS (Nos.)	107,502	107,502
iv) Nominal value of shares (Rs.)	10	10
v) Basic Earnings per share (Rs.)	1,538.41	858.13
vi) Diluted Earnings per share (Rs.)	1,538.41	858.13

#### 26.14 Taxation

##### a. Minimum Alternate Tax

The Company has book profit u/s 115JB of the Income Tax Act 1961 ( the "Act") and the minimum alternate tax ( MAT) there on is higher than the tax liability under the normal provisions of the Act. Thus, the provision towards tax liabilities has been made based on MAT. Correspondingly, the Company has also recognised credit for MAT under section 115JAA of the said Act, which is disclosed as MAT credit entitlement in the Statement of Profit and Loss.



**b. Deferred tax (liabilities) / assets**

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
<b>Tax effect of items constituting deferred tax assets</b>		
On Provision for compensated absences and gratuity	5,562,267	4,648,133
Provision for doubtful debts / advances	15,892,241	22,868,392
Unabsorbed depreciation carried forward	6,549,653	16,161,450
Unabsorbed business losses	109,827,381	133,870,845
<b>Deferred tax (liabilities) / assets (net)</b>	<b>137,831,542</b>	<b>177,548,820</b>

Deferred tax asset arising out of the above have not been recognised on the basis of conservatism and absence of virtual certainty.

**26.15 Details of research and development expenditure recognised as expense in Statement of Profit and Loss.**

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
Cost of Materials	1,411,874	1,004,143
Employee benefit expenses	46,220,941	35,858,111
Consumables	5,374,364	3,989,322
Travelling and Conveyance	2,509,227	1,532,785
Depreciation	2,179,036	1,474,175
Other Expenses	17,929,597	12,521,414
<b>Total</b>	<b>75,625,039</b>	<b>56,379,950</b>

**26.16 Expenses disclosed in the Statement of Profit and Loss are net of following research and development expenses capitalised during the year as Intangible assets under development {Refer Balance sheet II(1)(a)(iii)}**

Particulars	For the year ended, 31st March, 2015	For the year ended, 31st March, 2014
	Rs	Rs
Cost of Materials	1,347,956	834,225
Employee benefit expenses	32,793,902	22,582,580
Crop Technology fees	1,398,880	3,157,980
Consumables	1,057,168	1,764,361
Travelling and Conveyance	5,994,368	3,934,270
Breeding Expenses	22,572,840	14,460,183
	<b>65,165,114</b>	<b>46,733,599</b>





**26.17 Details of research and development capitalised as fixed assets (refer schedule No.12 - Fixed Assets)**

Particulars	For the year ended, 31 <sup>st</sup> March, 2015	For the year ended, 31 <sup>st</sup> March, 2014
Buildings	3,661,024	-
Plant & Equipment	5,046,257	3,359,931
Furniture & Fixture	-	26,070
Computer Software	-	424,714
<b>Total</b>	<b>8,707,281</b>	<b>3,810,715</b>

**26.18** Solacium amounting to Rs. 3,537,363 (Previous Year: Rs. 575,413) was incurred for the year ended 31<sup>st</sup> March 2015. The Solacium represents compensation paid to customers for issues related to products dealt by the Company.

**26.19** During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has revised the estimated useful life of some of its assets based on technical advice. Accordingly, the depreciation expense in the Statement of Profit and Loss for the year is lower by Rs. 5,634,425/-

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013 the depreciation expense in the Statement of Profit and Loss for the year is lower by Rs. 5,634,425/-

**26.20** In the earlier year, the Board of Directors and members of the Company and Dhaanya Seeds Limited ("Dhaanya" or "the Transferor Company") had approved a Scheme of Amalgamation ("the Scheme") for merger of the Transferor Company with the Company with an appointed date of 1<sup>st</sup> April, 2013 ("the Appointed Date"), subject to the approval of the H'ble High Court of Karnataka, where the registered office of the Company and the Transferor Company is located. The H'ble High Court of Karnataka has approved the Scheme and the Company has completed the necessary formalities with the Registrar of Companies on 6<sup>th</sup> March, 2014, upon which the Scheme has become effective.

Consequent to the above, the undertaking and the entire business, including all assets and liabilities of the Transferor Company stand transferred to and vested in the Company from the appointed date of 1<sup>st</sup> April, 2013. The amalgamation has been accounted under the pooling of interest method and the assets, liabilities and reserves of the Transferor Company have been recorded by the company at their books values as on the appointed date. Dhaanya was engaged in production and marketing of hybrid seeds, and the Company is engaged in the business of research and developing technologies for crop improvement and production of parent seeds.

Transferor Company is a wholly-owned subsidiary of the Transferee Company. Therefore, no fresh shares of the Transferee Company is allotted to the shareholder(s) of the Transferor Company, in order to acquire the assets and liabilities of the Transferor Company. Accordingly, the entire share capital including the securities premium account of the Transferor Company is cancelled and reduced and the reserves and balances (including debit balances) in the Surplus / (Deficit) in Statement of Profit and Loss of the Transferor



Company, shall be added to the reserves and balances in the Surplus / (Deficit) in Statement of Profit and Loss as reflected in the Balance Sheet of the Transferee Company.

Details of assets and liabilities acquired on amalgamation on the appointed date and treatment of the difference between the net assets acquired and shares to be cancelled by the Company is as under:

<u>Book value of assets, liabilities and reserves acquired on 1st April, 2013 (the appointed date):</u>	<u>Rs.</u>	<u>Rs.</u>
Fixed assets	77,008,163	
Long term loans and advances	29,229,491	
Current assets	1,121,713,956	
Non-current liabilities	(40,290,798)	
Current liabilities	(1,149,955,370)	
Capital reserve	(2,500,000)	
Deficit in Statement of profit and loss	374,894,558	
<b>Total</b>		<b>410,100,000</b>
Less:		
<u>Carrying value of investments in the Transferor Company</u>		<u>410,100,000</u>
<b>Difference considered as goodwill or Capital Reserve</b>		<b>-</b>

Pursuant to the scheme becoming effective, the authorised share capital of the Company has increased by Rs.26,125,000.

Revised Authorised capital:

Rs.

2,88,12,800 Equity Shares with voting rights of Rs. 10/- each

288,128,000

- 26.21 The Company is not required to transfer any amounts to Investor Education and Protection Fund according to the relevant provisions of the Companies Act 1956 (I of 1956) and rules made thereunder.
- 26.22 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

