

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

Your Directors submit their Report for the financial year ended 31st March, 2012.

During the year under review, production of potato in India estimated at 37.5 million MT recorded an all time high leading to surplus stocks and low prices. As a result, the demand for seed potato and its prices were also depressed. Consequently, your Company experienced a muted growth in turnover. However, your Company leveraged its market standing, product quality, on-field performance and strong trade & customer relationship, to drive a price premium for its seed potatoes and deliver 11.5% growth in profits over the previous year. During the year, the company also repaid its outstanding loan from Russell Credit Limited in accordance with agreed terms.

On 26th March, 2012, ITC Limited acquired from its wholly owned subsidiary, Russell Credit Limited, the entire shareholding of your Company's holding company, Technico Pty Limited, Australia. The ultimate holding company continues to leverage your Company's leadership in the production of early generation seed potatoes and strength in agronomy not only for sourcing the chip stock for the 'Bingo!' brand of its Branded Packaged Foods business but also in servicing the seed potato requirements of its farmer base anchored to its e-Choupal system.

FINANCIAL RESULTS

(₹ Crore)

Particulars	2011-12	2010-11
Turnover	48.20	47.65
Profit before interest, depreciation & tax	8.68	7.83
Financial expenses	0.03	0.03
Depreciation	0.82	0.78
Profit before tax	7.83	7.02
Profit after tax	7.83	7.02
Balance carried forward to Balance Sheet	8.25	0.42

COMPANY'S PERFORMANCE

(A) PRODUCTION OF TECHNITUBER® SEED POTATOES

During the year under review, your Company produced 94.71 lakh TECHNITUBER® seed potatoes (Previous Year 101.28 lakhs) at its facility at Manpura, Himachal Pradesh. The lower production was mainly attributable to change in size specifications by our customers.

(B) FIELD OPERATIONS

Higher than normal temperature during the time of sowing, heavy unseasonal rain and late blight disease affected the Rabi 2012 crop for potato in India and led to a decline of about 10% for the country as a whole and about 4% for your Company. As a result, your Company's field generated seed potato production stood at 48,395 MT against 50,403 MT in the previous year.

Your Company has continued to reinforce the competency of its Agronomy team and upgrade the capacity of relevant potato farmers through the adoption of modern farm practices, superior inputs and more effective irrigation techniques. This, coupled with its strong focus on quality has enabled it to continuously improve the quality of its seed and maintain the largest early generation seed potato pipeline for Processing and Table Potato varieties in India.

(C) MARKETING

Your Company sold 40,178 MT of seed potato / potato during the year (previous financial 39,859 MT).

Your Company continues to be the only exporter of seed potatoes from India. During the year, your Company exported 42.90 lakh TECHNITUBER® seed potatoes (previous year: 46.78 lakh) and 200.40 MT of early generation seed potatoes (previous year: 546.09 MT). Your company continued to provide quality farm inputs to its farmers at competitive prices.

Your Company recognises that its business is subject to climatic, agricultural and cyclical risks but looks forward to continued delivery of superior performance premised on the strong demand for its seed potatoes from loyal customer and farmer bases fuelled by the technology of its parent and the expertise of its employees.

EMPLOYEES

Your Directors recognise the key role of employees in creating and delivering value to farmers, customers and shareholders and wish to place on record their appreciation of the dedication and commitment of every employee of the Company, which has led to sustaining its performance even in the difficult business circumstances that prevailed during the year under review.

None of the employees of your Company is covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975.

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

The information with regard to technology absorption and foreign exchange earnings and outgo in terms of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed.

DIRECTORS

In accordance with the provisions of Articles 122 and 123 of the Articles of Association of the Company, Mr. Arup Kumar Mukerji and Mr. David McDonald will retire by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-election. The Board has recommended their re-election.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of Mr. Surampudi Sivakumar as Chairman, and Mr. David Charles McDonald and Mr. Arup Kumar Mukerji as Members.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having:

- a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;
- b) 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 affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- d) prepared the Annual Accounts on a going concern basis.

AUDITORS

The Company's Auditors, M/s. S. R. Batliboi and Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

On behalf of the Board of Directors
For Technico Agri Sciences Limited

Place : Gurgaon
Dated : 26th April, 2012

S. Sivakumar
Chairman

ANNEXURE TO THE REPORT OF DIRECTORS

Information under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 and forming part of the Directors Report:-

Research and Development (R&D)

Your Company continues to be engaged in Research and Development activities in both TECHNITUBER® seed potato production as well as field generated seed potato production with the objectives of reducing consumption of water and fertilisers, using new chemicals to minimise disease pressure, enhancing yield etc. In order to further leverage its tissue culture capabilities, the Company has undertaken trial production of banana tissue culture plantlets and its test marketing in select states.

Technology Absorption, Adaptation and Innovation

Based on the efforts made towards technology absorption, your Company achieved smooth plant operation since the declaration of commercial production. Field progeny of the seed potatoes produced with the use of TECHNITUBER® Seed Potato Technology has exhibited qualitative and quantitative improvement over traditional product at affordable cost.

a) Technology Imported : Production Facility at Manpura, Himachal Pradesh, is based on TECHNITUBER® Seed Potato Technology from Technico Pty Limited, Australia.

- b) Year of import : 2000
- c) Whether technology fully absorbed : The absorption of the technology has taken place through two-phase production. Your Company has been successfully producing TECHNITUBER® seed potatoes (G0) in its production facility at Manpura. Subsequent stage multiplications have been successfully undertaken in leased and contract farms. However, the company continues to refine and improve upon the technology by drawing on the technical expertise of the parent company.
- d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action :

Foreign Exchange Earnings and Outgo (₹ crore)

Foreign Exchange Earnings	:	1.97
Foreign Exchange Outgo	:	0.08

On behalf of the Board of Directors
For Technico Agri Sciences Limited

Place: Gurgaon
Dated: 26th April, 2012

S Sivakumar
Chairman

AUDITORS' REPORT TO THE MEMBERS OF TECHNICO AGRI SCIENCES LIMITED

1. We have audited the attached Balance Sheet of Technico Agri Sciences Limited as at March 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. 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 March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 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 March 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 & Co.
Firm registration number: 301003E
Chartered Accountants
per Manoj Gupta
Partner

Place : Gurgaon
Date : April 26, 2012

Membership No.: 83906

Annexure referred to in paragraph 3 of our report of even date RE: TECHNICO AGRI SCIENCES LIMITED ('THE COMPANY')

- (i) (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, is reasonable having regard to the size of the Company and the nature of its assets. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventories at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies,

firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

- (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) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, provision of clause 4(v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company is covered as part of the internal audit function operated by its parent company, which is commensurate with the size of the Company and the nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities

undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. The provisions relating to investor education and protection fund 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, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise 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 information and explanation given to us, there are no dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year 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 a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before 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 Companies (Auditor's Report) Order, 2003 (as amended) 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 not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (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 did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a 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 & Co.
Firm registration number: 301003E
Chartered Accountants
per Manoj Gupta
Partner
Membership No.: 83906

Place : Gurgaon
Date : April 26, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in ₹ '000)

Particulars	Notes	As at 31st March, 2012	As at 31st March, 2011
Equity and Liabilities			
Shareholders' Funds			
Share Capital	1	3,79,628	3,79,628
Reserves and Surplus	2	82,520	4,229
		<u>4,62,148</u>	<u>3,83,857</u>
Non-current liabilities			
Long-term provisions	3	2,060	1,697
		<u>2,060</u>	<u>1,697</u>
Current liabilities			
Short-term Borrowings	4	—	1,20,000
Trade Payables	5	1,15,325	1,74,126
Other Current Liabilities	5	61,771	49,963
Short-term provisions	3	207	285
		<u>1,77,303</u>	<u>3,44,374</u>
TOTAL		<u><u>6,41,511</u></u>	<u><u>7,29,928</u></u>
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	6.1	1,08,378	1,10,518
Intangible Assets	6.2	—	—
Intangible Assets under development		1,050	—
Long-term Loans and Advances	7	1,564	1,497
Other Non-current Assets	8.2	23	21
		<u>1,11,015</u>	<u>1,12,036</u>
Current assets			
Current investments	9	84,292	2,22,762
Inventories	10	4,22,264	3,70,494
Trade Receivables	8.1	16,047	17,750
Cash and Cash equivalents	11	1,241	1,130
Short-term Loans and Advances	7	5,741	5,127
Other Current Assets	8.2	911	629
		<u>5,30,496</u>	<u>6,17,892</u>
Total		<u><u>6,41,511</u></u>	<u><u>7,29,928</u></u>
Nature of Operations	21		
Summary of significant accounting policies	22		

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

As per our report of even date
For S.R. Batliboi & Co.

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Firm registration number: 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership no.: 83906

Arup Kumar Mukerji
Director

Sachidanand Madan
Director and Company
Secretary

Sanjeev Madan
Vice President
(Finance)

Place: Gurgaon
Date: 26 April 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹ '000)

Particulars	Notes	For the year ended 31st March, 2012	For the year ended 31st March, 2011
INCOME			
Revenue from operations (net)	12	4,96,999	4,78,981
Other Income	13	22,679	18,932
Total Revenue (I)		5,19,678	4,97,913
EXPENSES			
Cost of Raw material and Components consumed	14	43,523	37,272
Purchase of Traded Goods	15	18,617	17,879
(Increase)/decrease in Inventories of Finished Goods, Work-in-progress and Traded Goods	15	(48,787)	(23,403)
Employee Benefits expense	16	27,776	24,836
Other expenses	17	3,91,722	3,63,033
TOTAL (II)		4,32,851	4,19,617
Earnings before interest,tax,depreciation and amortization (EBITDA) (I) - (II)		86,827	78,296
Depreciation and Amortization expense	18	8,260	7,801
Finance costs	19	276	290
Profit/(loss) before tax		78,291	70,205
Tax expenses		—	—
Profit/(loss)after tax		78,291	70,205
Earnings per equity share [nominal value of share ₹ 10 (31 March 2011:₹ 10)]	20		
Basic			
Computed on the basis of total profit for the year		₹2.06	₹1.85
Diluted			
Computed on the basis of total profit for the year		₹2.06	₹1.85
Nature of Operations	21		
Summary of significant accounting policies	22		

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

As per our report of even date

For S.R. Batliboi & Co.

Firm registration Number : 301003E

Chartered Accountants

per Manoj Gupta

Partner

Membership No. 83906

Place: Gurgaon

Date: 26 April 2012

For and on behalf of the Board of Directors of Technico Agri Sciences Limited

Arup Kumar Mukerji

Director

Sachidanand Madan

Director and Company Secretary

Sanjeev Madan

Vice President (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Cash flow from operating activities		
Profit before tax	78,291	70,205
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	8,260	7,801
Impairment/other write off on Tangible/Intangible assets	—	333
Loss/(profit) on sale of fixed assets	(1)	5
Unrealized Foreign Exchange (gain)/loss	(739)	(529)
Interest expense	276	290
Dividend income	(12,316)	(8,646)
Provision written back	(6,476)	(1,917)
Operating profit before Working Capital changes	67,295	67,542
Movements in Working Capital :		
Increase/(decrease) in Trade Payables	(58,801)	(11,593)
Increase/(decrease) in Long-term provisions	363	—
Increase/(decrease) in Short-term provisions	(78)	—
Increase/(decrease) in Other Current Liabilities	18,284	1,189
Decrease/(increase) in Trade Receivables	2,442	(7,049)
Decrease/(increase) in Inventories	(51,770)	(23,623)
Decrease/(increase) in Long-term Loans and Advances	(67)	—
Decrease/(increase) in Short-term Loans and Advances	(614)	(503)
Decrease/(increase) in Other Current Assets	(282)	—
Decrease/(increase) in other Non-current Assets	(2)	(10)
Cash generated from/(used in) Operations	(23,230)	25,953
Net cash flow from/(used in) operating activities (A)	(23,230)	25,953
Cash flows from investing activities		
Purchase of Fixed Assets, including Intangible Assets, CWIP and Capital Advances	(7,178)	(5,636)
Proceeds from sale of Fixed Assets	9	8
Purchase of Current Investments	(21,08,364)	(17,77,291)
Proceeds from sale/maturity of Current Investments	22,47,126	17,10,888
Dividends received	12,024	8,609
Net cash flow from/(used in) investing activities (B)	1,43,617	(63,422)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd)

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Cash flows from financing activities		
Repayment of Short-term Borrowings	(1,20,000)	—
Interest paid	(276)	(290)
Net Cash flow from/(used in) in financing activities (C)	(1,20,276)	(290)
Net increase/(decrease) in Cash and Cash equivalents (A + B + C)	111	(37,759)
Cash and Cash equivalents at the beginning of the year	1,130	38,889
Cash and Cash equivalents at the end of the year	1,241	1,130
Components of Cash and Cash equivalents		
Cash on Hand	21	50
With banks- on Current Account	1,220	1,080
Total Cash and Cash equivalents (note 11)	1,241	1,130

As per our report of even date
For S.R. Batliboi & Co.
Firm registration Number : 301003E
Chartered Accountants
per Manoj Gupta
Partner
Membership No. 83906
Place: Gurgaon
Date: 26 April 2012

For and on behalf of the Board of Directors of Technico Agri Sciences Limited
Arup Kumar Mukerji *Director*
Sachidanand Madan *Director and Company Secretary*
Sanjeev Madan *Vice President (Finance)*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012
1. Share Capital

Particulars	As at 31 March 2012	As at 31 March 2011
Authorized		
40,000,000 (31 March 2011: 40,000,000) equity shares of ₹10/- each	4,00,000	4,00,000
Issued, Subscribed and Fully Paid-up		
37,962,800 (31 March 2011 : 37,962,800) equity shares of ₹10/- each	3,79,628	3,79,628
Total issued, Subscribed and Fully Paid-up Share capital	3,79,628	3,79,628

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

Particulars	As at 31 March 2012		As at 31 March 2011	
	Numbers	(Amount in ₹ '000)	Numbers	(Amount in ₹ '000)
At the beginning of the period	3,79,62,800	3,79,628	3,79,62,800	3,79,628
Issued during the period	—	—	—	—
Outstanding at the end of the period	3,79,62,800	3,79,628	3,79,62,800	3,79,628

b. Terms/rights attached to Equity Shares

I. The company has only one class of equity shares having par value of ₹10 per share.

II. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by Holding Company

Out of equity shares issued by the company, shares held by its holding company are as below:

Name of the Company	As at 31 March 2012		As at 31 March 2011	
	Numbers	(Amount in ₹ '000)	Numbers	(Amount in ₹ '000)
Technico Pty Ltd., the Holding Company				
Equity shares of ₹10 each fully paid	3,79,62,794	3,79,628	3,79,62,794	3,79,628
Technico Pty Ltd., the Holding Company , jointly with other share holders				
Equity shares of ₹10 each fully paid	6	0	6	0

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

Name of the Shareholders	As at 31 March 2012		As at 31 March 2011	
	Numbers	% holding	Numbers	% holding
Equity shares of ₹10 each fully paid				
Technico Pty Ltd., the holding company	3,79,62,794	99.99%	3,79,62,794	99.99%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (contd)

		(Amount in ₹ '000)	
2. Reserves and Surplus		As at	As at
Particulars	31 March 2012	31 March 2011	31 March 2011
Surplus/(deficit) in the statement of Profit and Loss			
Balance as per last financial statements	4,229		(65,976)
Profit for the year	78,291		70,205
Net surplus in the statement of Profit and Loss	<u>82,520</u>		<u>4,229</u>
Total Reserves and Surplus	<u>82,520</u>		<u>4,229</u>

		(Amount in ₹ '000)	
3. Provisions		Long-term	Short-term
Particulars	As at	As at	As at
	31 March 2012	31 March 2011	31 March 2012
			31 March 2011
Provision for Employee Benefits			
Provision for Leave benefits	2,060	1,697	207
	<u>2,060</u>	<u>1,697</u>	<u>207</u>

		(Amount in ₹ '000)	
4. Short-term Borrowings		As at	As at
Particulars	31 March 2012	31 March 2011	31 March 2011
Interest Free Loan from body corporate (from Russell Credit Limited, the then 100% holding Company of Technico Pty Limited, Australia, the holding Company)	—		1,20,000
The above amount includes			
Secured Borrowings	—		—
Unsecured Borrowings	—		1,20,000
Note : As per agreed terms, the unsecured loan which was due for repayment by 30 September 2011, was repaid on 29 September 2011.			

		(Amount in ₹ '000)	
5. Other Current Liabilities		As at	As at
Particulars	31 March 2012	31 March 2011	31 March 2011
Trade payables (refer note 29 for details of dues to micro and small enterprises)	—		—
Trade Payables other than Micro and Small Enterprises	1,15,325		1,74,126
Other Liabilities			
- Advances from Customers	60,228		48,644
- Deposit from Dealers	240		240
- Other Payables	1,303		1,079
	<u>61,771</u>		<u>49,963</u>
	<u>1,77,096</u>		<u>2,24,089</u>

		(Amount in ₹ '000)							
6.1. Tangible Assets									
Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Licenced Properties - Building Improvements	Office Equipment	Computers, Servers & Other IT equipments	Vehicles	Total
At Cost									
At 1 April 2010	15,193	46,548	1,10,120	2,377	4,951	1,051	3,371	3,631	1,87,242
Additions	—	—	5,713	17	78	51	203	—	6,062
Disposals	—	—	(74)	(72)	—	(385)	(433)	—	(964)
At 31 March 2011	15,193	46,548	1,15,759	2,322	5,029	717	3,141	3,631	1,92,340
Additions	—	—	5,175	—	—	20	933	—	6,128
Disposals	—	—	—	—	—	(9)	—	—	(9)
At 31 March 2012	15,193	46,548	1,20,934	2,322	5,029	728	4,074	3,631	1,98,459
Depreciation									
At 1 April 2010	—	12,525	56,652	1,436	44	286	2,262	1,434	74,639
Charge for the year	—	1,313	5,200	90	526	44	283	345	7,801
Disposals	—	—	(33)	(42)	—	(129)	(414)	—	(618)
At 31 March 2011	—	13,838	61,819	1,484	570	201	2,131	1,779	81,822
Charge for the year	—	1,313	5,682	91	531	32	266	345	8,260
Disposals	—	—	—	—	—	(1)	—	—	(1)
At 31 March 2012	—	15,151	67,501	1,575	1,101	232	2,397	2,124	90,081
Net Block									
At 31 March 2011	15,193	32,710	53,940	838	4,459	516	1,010	1,852	1,10,518
At 31 March 2012	15,193	31,397	53,433	747	3,928	496	1,677	1,507	1,08,378

Note :

1. Land is free hold and Land amounting to ₹328 thousand (Previous Year ₹328 thousand) is pending registration in the name of the Company.
2. Land amounting ₹10,199 thousand (Previous Year ₹10,199 thousand) has been given to Ultimate Parent Company on operating lease.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (contd)

Particulars	(Amount in ₹ '000)	
	Technical know now	Total
Gross block		
At 1 April 2010	93,837	93,837
Purchase	—	—
Internal development	—	—
At 31 March 2011	93,837	93,837
Purchase/Acquisitions through amalgamation	—	—
At 31 March 2012	93,837	93,837
Amortization		
At 1 April 2010	93,837	93,837
Charge for the year	—	—
At 31 March 2011	93,837	93,837
Charge for the year	—	—
At 31 March 2012	93,837	93,837
Net block		
At 31 March 2011	—	—
At 31 March 2012	—	—

Particulars	(Amount in ₹ '000)			
	Non-current As at		Current As at	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Security deposit				
Secured, considered good	—	—	—	—
Unsecured, considered good	1,319	1,497	183	—
Doubtful	—	—	—	—
(A)	1,319	1,497	183	—
Advances recoverable in Cash or kind				
Secured considered good	—	—	—	—
Unsecured considered good	—	—	824	959
Doubtful	—	—	393	393
	—	—	1,217	1,352
Provision for doubtful advances	—	—	393	393
(B)	—	—	824	959
Other loans and advances				
Prepaid expenses	245	—	1,020	1,487
Balances with Statutory/ Government authorities	—	—	3,714	2,681
(C)	245	—	4,734	4,168
Total (A+ B + C)	1,564	1,497	5,741	5,127

8. Trade Receivables and Other Assets

Particulars	(Amount in ₹ '000)			
	Non-current As at		Current As at	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment	—	—	—	—
Secured, considered good	—	—	—	—
Unsecured, considered good	—	—	589	619
Doubtful	—	—	589	619
Provision for doubtful receivables	—	—	(589)	(619)
(A)	—	—	—	—
Other receivables				
Secured, considered good	—	—	—	—
Unsecured, considered good	—	—	16,047	17,750
Doubtful	—	—	—	—
	—	—	16,047	17,750
Provision for doubtful receivables	—	—	—	—
(B)	—	—	16,047	17,750
Total (A + B)	—	—	16,047	17,750

8.2 Other Assets

Particulars	(Amount in ₹ '000)			
	Non-current As at		Current As at	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Unsecured, considered good unless stated otherwise Non-current Bank Balances (note 11)	10	10	—	—
(A)	10	10	—	—
Others				
Interest accrued on Fixed Deposits	13	11	—	—
Other receivables from related parties (note 24(ii))	—	—	911	629
(B)	13	11	911	629
Total (A + B)	23	21	911	629

9. Current Investments

Particulars	(Amount in ₹ '000)	
	As at 31 March 2012	As at 31 March 2011
(At lower of carrying cost and fair value) Unquoted mutual funds		
1,498,322 units (Previous Year 3,500,865 units) - Tata Fixed Income Portfolio Fund Scheme A2 Institutional Monthly Dividend Reinvestment	15,000	35,012
192,295 units (Previous Year Nil) - Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Reinvestment	19,233	—
4,706,409 units (Previous Year Nil) - HDFC Cash Management Fund - Savings Plan-Daily Dividend Reinvestment	50,059	—
Nil (Previous Year 72,496 units) - DSP Black Rock Liquidity Fund-Inst Plan -Daily Dividend Reinvestment	—	72,519
Nil (Previous Year 6,921,384 units) - Kotak Floater Fund Short Term-Daily Dividend Reinvestment	—	70,018
Nil (Previous Year 2,498,376 units) - Reliance Interval Fund MIP- Series 1- Inst. Dividend Plan Reinvestment	—	25,000
Nil (Previous Year 2,019,065 units) - Reliance Interval Fund QIP- Series 1 Inst. Dividend Plan Reinvestment	—	20,213
	84,292	2,22,762
Aggregate amount of unquoted investments - Fair value ₹ 84,386 thousands (previous year ₹ 2,23,552 thousands)	84,292	2,22,762

Notes to financial statements for the year ended 31 March 2012

10. Inventories (valued at lower of cost and net realizable value)

Particulars	(Amount in ₹ '000)	
	As at 31 March 2012	As at 31 March 2011
Raw Materials and Components (including stock-in-transit ₹ Nil (31 March 2011: ₹ Nil)) (refer note 14)	8,006	4,770
Work-in-progress (refer note 15)	1,139	—
Finished Goods (refer note 15)	4,00,440	3,52,869
Traded Goods (including stock-in-transit ₹ Nil(31 March 2011: ₹ Nil)) (refer note 15)	11,099	11,022
Stores and Spares	1,580	1,833
	<u>4,22,264</u>	<u>3,70,494</u>

11. Cash and Cash equivalents

Particulars	(Amount in ₹ '000)			
	Non-current As at		Current As at	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Balances with Banks:				
On current accounts	—	—	1,220	1,080
Cash on hand	—	—	21	50
	<u>—</u>	<u>—</u>	<u>1,241</u>	<u>1,130</u>
Other Bank balances				
Deposits with maturity for more than 12 months	10	10	—	—
	<u>10</u>	<u>10</u>	<u>—</u>	<u>—</u>
Amount disclosed under non- current assets (note 8.2)	(10)	(10)	—	—
	<u>—</u>	<u>—</u>	<u>1,241</u>	<u>1,130</u>

12. Revenue from Operations

Particulars	(Amount in ₹ '000)	
	for the year ended 31 March 2012	for the year ended 31 March 2011
Revenue from Operations		
Sale of products		
Finished Goods	4,55,933	4,64,849
Traded Goods	26,026	11,634
Other operating revenue		
Sale of old empty bags	5,733	366
Excess Provision written back	6,476	1,917
Other	2,831	215
Revenue from operations	<u>4,96,999</u>	<u>4,78,981</u>

Details of products sold

Particulars	(Amount in ₹ '000)	
	for the year ended 31 March 2012	for the year ended 31 March 2011
Finished Goods sold		
TECHNITUBER® Seed Potatoes	19,631	21,755
Field Generated Seed Potatoes	4,35,886	4,43,094
Banana Tissue Culture Plantlets	416	—
	<u>4,55,933</u>	<u>4,64,849</u>
Traded Goods sold		
Field Generated Seed Potatoes	16,864	3,495
Insecticides, Fungicides and Micronutrients	9,162	8,139
	<u>26,026</u>	<u>11,634</u>
	<u>4,81,959</u>	<u>4,76,483</u>

13. Other Income

Particulars	(Amount in ₹ '000)	
	for the year ended 31 March 2012	for the year ended 31 March 2011
Interest income on		
Bank deposits	2	1
Dividend income on		
Current investments	12,316	8,646
Commission on Sales	—	269
Rental income	8,523	8,424
Exchange difference (net)	1,760	976
Profit on sale of assets	1	2
Miscellaneous income	77	614
	<u>10,361</u>	<u>10,285</u>
	<u>22,679</u>	<u>18,932</u>

14. Cost of Raw Material and Components Consumed

Particulars	(Amount in ₹ '000)	
	for the year ended 31 March 2012	for the year ended 31 March 2011
Inventory at the beginning of the year	4,770	4,526
Add: Purchases	46,759	37,516
	<u>51,529</u>	<u>42,042</u>
Less: inventory at the end of the year	8,006	4,770
Cost of Raw Material and Components Consumed	<u>43,523</u>	<u>37,272</u>

Details of Raw Material and Components Consumed

Particulars	(Amount in ₹ '000)	
	for the year ended 31 March 2012	for the year ended 31 March 2011
Plantlets	545	248
Chemicals and Fertilisers	3,054	1,937
Packing stores	39,924	35,087
	<u>43,523</u>	<u>37,272</u>

Details of Inventory

Particulars	(Amount in ₹ '000)	
	As at 31 March 2012	As at 31 March 2011
Raw Materials and Components		
Plantlets	—	—
Chemicals and Fertilisers	398	955
Packing stores	7,608	3,815
	<u>8,006</u>	<u>4,770</u>

15. (Increase)/decrease in Inventories

Particulars	(Amount in ₹ '000)	
	for the year ended 31 March 2012	for the year ended 31 March 2011
Inventories at the end of the year		
Traded goods	11,099	11,022
Work-in-progress	1,139	—
Finished goods	4,00,440	3,52,869
	<u>4,12,678</u>	<u>3,63,891</u>
Inventories at the beginning of the year		
Traded goods	11,022	1,893
Work-in-progress	—	—
Finished goods	3,52,869	3,38,595
	<u>3,63,891</u>	<u>3,40,488</u>
(Increase)/decrease in Inventories	<u>(48,787)</u>	<u>(23,403)</u>

Notes to financial statements for the year ended 31 March 2012

Details of purchase of Traded Goods (Amount in ₹ '000)

Particulars	for the year ended 31 March 2012	for the year ended 31 March 2011
Field Generated Seed Potatoes	10,161	10,749
Insecticides, Fungicides and Micronutrients	8,456	7,130
	<u>18,617</u>	<u>17,879</u>

Details of Inventory

(Amount in ₹ '000)

Particulars	As at 31 March 2012	As at 31 March 2011
Traded Goods		
Field Generated Seed Potatoes	11,021	11,020
Insecticides, Fungicides and Micronutrients	78	2
	<u>11,099</u>	<u>11,022</u>
Work-in-progress		
Banana Tissue Culture Plantlets	1,139	—
	<u>1,139</u>	<u>—</u>
Finished Goods		
TECHNITUBER® Seed Potatoes	18,890	20,528
Field Generated Seed Potatoes	3,81,438	3,31,891
Banana Tissue Culture Plantlets	112	450
	<u>4,00,440</u>	<u>3,52,869</u>

16. Employee Benefits Expense

(Amount in ₹ '000)

Particulars	for the year ended 31 March 2012	for the year ended 31 March 2011
Salaries, Wages and Bonus	24,704	21,853
Contribution to Provident and Other fund	1,000	829
Gratuity expense (note 28)	325	379
Staff Welfare expenses	1,747	1,775
	<u>27,776</u>	<u>24,836</u>

17. Other Expenses

(Amount in ₹ '000)

Particulars	for the year ended 31 March 2012	for the year ended 31 March 2011
Consumption of Stores and Spares	1,172	1,067
Seed Farming Charges	2,00,426	1,94,161
Power and Fuel	9,712	9,914
Freight and forwarding charges	59,656	49,458
Rent	4,661	3,989
Storage and Handling cost	79,441	66,408
Contract Labour	9,440	10,349
Rates and Taxes	295	394
Insurance	1,439	1,503
Repairs and Maintenance		
- Plant and Machinery	2,541	2,501
- Buildings	35	265
- Others	1,396	1,389
Advertising and Sales Promotion	315	426
Sales Commission	551	625
Travelling and Conveyance	8,245	7,759
Telephone, Postage and Telegram expenses	1,941	1,863
Printing and Stationery	485	410

(Amount in ₹ '000)

Particulars	for the year ended 31 March 2012	for the year ended 31 March 2011
Legal and Professional fees	1,359	989
Payment to Auditor (Refer details below)	668	655
Provision for Doubtful Debts and Advances	—	393
Loss on sale of Fixed Assets (net)	—	7
Impairment/other write off on Tangible/Intangible assets	—	333
Miscellaneous expenses	7,944	8,175
	<u>3,91,722</u>	<u>3,63,033</u>
Above expenses include Research and Development expenses	699	636

Payment to Auditor

(Amount in ₹ '000)

Particulars	for the year ended 31 March 2012	for the year ended 31 March 2011
As Auditor:		
Audit Fee	441	441
Tax Audit Fee	165	165
Reimbursements	62	49
	<u>668</u>	<u>655</u>

18. Depreciation and Amortization expense

(Amount in ₹ '000)

Particulars	for the year ended 31 March 2012	for the year ended 31 March 2011
Depreciation of Tangible assets	8,260	7,801
	<u>8,260</u>	<u>7,801</u>

19. Finance Costs

(Amount in ₹ '000)

Particulars	for the year ended 31 March 2012	for the year ended 31 March 2011
Interest	276	290
	<u>276</u>	<u>290</u>

20. Earnings per share (EPS)

(Amount in ₹ '000)

Particulars	for the year ended 31 March 2012	for the year ended 31 March 2011
Profit/(loss) after tax	78,291	70,205
Net profit/(loss) for calculation of basic EPS	<u>78,291</u>	<u>70,205</u>
Net profit as above	78,291	70,205
Net profit/(loss) for calculation of diluted EPS	<u>78,291</u>	<u>70,205</u>

	Numbers	Numbers
Weighted average number of equity shares in calculating basic EPS	3,79,62,800	3,79,62,800
Weighted average number of equity shares in calculating diluted EPS	3,79,62,800	3,79,62,800
Earnings per share		
Basic [Nominal value of shares ₹10 (Previous Year: ₹10)]	₹2.06	₹1.85
Diluted [Nominal value of shares ₹10 (Previous Year: ₹10)]	₹2.06	₹1.85

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

21. Nature of Operations

The Company is in the business of producing and selling TECHNITUBER® Seed Potatoes and Field Generated Seed Potatoes. The Company's production process comprises TECHNITUBER® Seed Potatoes (i.e. G-0) and Field Generated Seed Potatoes which can itself have several stages like G-1, G-2 and so on. During the G-0 stage, the TECHNITUBER® Seed Potatoes are produced under a controlled environment in the nurseries maintained at the facility situated at Vill. Manpura, Distt. Solan, Himachal Pradesh. The TECHNITUBER® Seed Potatoes produced in the G-0 stage are taken for field plantation for further production of next stage i.e. G-1, which is again taken for subsequent production for another generation and so on depending on the production and sales strategy. The Company also supplies Agri Inputs comprising Insecticides, Fungicides and Micronutrients to the farmers associated with the Company for growing Field Generated Seed Potatoes. The Company has also started trial production of Tissue Culture Plantlets of Banana in the facility situated at Vill. Manpura, Distt. Solan, Himachal Pradesh.

On 26th March, 2012, ITC Limited acquired the entire shareholding of your Company's parent company, Technico Pty Limited (Technico), Australia, from Russell Credit Limited. Consequently with effect from the said date, Technico became a direct subsidiary of ITC Limited.

22. Statement of Significant Accounting Policies

a) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

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 period 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 historical 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.

d) Depreciation

Depreciation on Fixed Assets, except for Leasehold Improvements and part of Plant and Machinery used in field operations, is provided on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 which are not lower than rates based on estimated useful lives of the respective assets. Leasehold Improvements are depreciated over the period of Primary lease and part of Plant and Machinery used in field operations is depreciated over five to eight years which is determined based on technical evaluation.

Assets	Rates (SLM)	Rates Schedule XIV
Buildings	1.63% - 3.34%	1.63% - 3.34%
Plant and Equipment	4.75% - 20%	4.75%
Office Equipment	4.75%	4.75%
Furniture and Fixtures	6.33%	6.33%
Vehicles	9.5%	9.5%
Computers, Servers and other IT equipments	16.21%	16.21%
Licensed Properties- Building Improvements	Over the Primary Lease Period	—

All assets costing ₹.5,000 or below are fully depreciated in the year of addition.

e) Impairment of Assets

(i) 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 assets 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.

(ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Inventories

Inventories are valued as follows:

i) Stores & Spares

At cost or net realizable value, whichever is lower, arrived at on FIFO basis

(ii) TECHNITUBER® Seed Potatoes, Field Generated Seed Potatoes and Banana Tissue Culture Plantlets

At cost or net realizable value whichever is lower. Cost for this purpose includes all direct costs incurred up to the stage of production of the respective inventories. Borrowing costs relating to generation of TECHNITUBER® Seed Potatoes, Field Generated Seed Potatoes and Banana Tissue Culture Plantlets which takes substantial period of time to get ready for sale are also included to the extent they relate to the period till such stocks are ready for sale. Cost is determined on FIFO basis for TECHNITUBER® Seed Potatoes and Banana Tissue Culture Plantlets and weighted average basis for Field Generated Seed Potatoes.

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.

(iii) Insecticides, Fungicides and Micronutrients

At cost or net realizable value, whichever is lower, arrived at on FIFO basis

g) Foreign Currency Transactions

(i) 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.

(ii) 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.

(iii) Exchange Differences

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

h) Investment

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.

i) Borrowing Cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

j) 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) Sale of Goods

Revenue from sale of goods is recognized on transfer of risks and rewards, which coincides with the dispatch of goods to the customers.

(ii) Interest

Revenue from interest (incl. of tax deducted at source) is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Notes to financial statements for the year ended 31 March 2012

- (iii) Dividend
Revenue from dividend is recognised when the right to receive payment is established at the balance sheet date.
- (iv) Rental Income
Rental income is recognised in the Profit and Loss Account as per lease terms.

k) Retirement Benefits

- (i) Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year, when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
The Company has taken a Policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability with respect to the employees and the premium paid to LIC is charged to Profit & Loss Account. The difference between the actuarial valuation of the gratuity with respect to employees at the year-end and the contribution paid to LIC is further adjusted in the books of accounts.
- (iii) Short term compensated absences and Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.
- (iv) Actuarial gains/losses are immediately charged off to profit and loss account and are not deferred.

l) Income Tax

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 Indian Income Tax Act. Deferred income tax 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. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized 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.

m) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases.

Where the Company is the lessee, the operating lease payments are recognized as an expense in the Profit and Loss Account over the lease term.

Where the Company is the lessor, the assets subject to operating leases are included in the fixed assets and lease income is recognised in the Profit and Loss Account over the lease term.

n) 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 attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting 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.

o) Provisions

A provision is recognised when an enterprise has a present 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 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

p) Cash and Cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash on hand and at bank and short-term deposits with maturity of three months or less.

q) Identification of Segments

- (i) Primary segment- Business Segment
The Company's Operations predominantly comprise of only one segment i.e. Seed Potatoes. In view of the same, separate segmental information is not required to be given as per the requirements of Accounting Standard 17.
- (ii) Secondary Segment- Geographical Segment
The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:
Revenue from domestic market includes sales to customers located within India.
Revenue from overseas market includes sales to customers located outside India.

23. Segment Reporting

Geographical segment wise revenue (₹. in '000)

S. No.	Particulars	2011-12	2010-11
(a)	Revenue from Domestic Market	462,290	451,601
(b)	Revenue from Overseas Market	19,669	24,882
	Total	481,959	476,483

Geographical segment wise receivables (Gross): (₹. in '000)

S. No.	Particulars	2011-12	2010-11
(a)	Receivable from Domestic Market	3,144	6,768
(b)	Receivable from Overseas Market	13,492	11,601
	Total	16,636	18,369

The Company has common assets for producing goods for domestic markets and overseas markets. Hence, separate figures for assets/addition to fixed assets cannot be furnished.

24. Related Party Disclosures

- (i) The list of related parties as identified by the management is as under:

Name of the Party	Relationship
ITC Limited (ITC)	Ultimate Holding Company
Russell Credit Limited (RCL)	Enterprise under Common Control (Holding Company of Technico Pty Ltd. till 26th March 2012)
Technico Pty Limited, Australia (TPL)	Holding Company
ITC Infotech India Limited	Enterprise under Common Control
Mr. David Charles McDonald	Director
Mr. Sachidanand Madan	Whole Time Director
Mr. Surampudi Sivakumar	Director
Mr. Arup Kumar Mukerji	Director
Mr. Ganesh Kumar Sundaraman	Director

- (ii) The following transactions were carried out with the related parties and the balances of these related parties as at March 31, 2012 for the period then ended are presented here in below:

Particulars	Ultimate Holding Company (ITC)	Holding Company (TPL)	Common Control
Sale of Seed Potatoes	7,687 (3,516)	14,674 (15,385)	— (—)
Rental income	8,523 (8,424)	— (—)	— (—)
Services Received	3,145 (2,957)	— (—)	109 (—)
Expenses Reimbursed	613 (627)	— (—)	— (—)
Expenses Recovered	95 (45)	1,528 (677)	— (—)
Loan Outstanding	—	—	(120,000)
Loan repaid	— (—)	— (—)	120,000 (—)
Accounts receivable	911 (1,059)	13,492 (11,601)	— (—)
Other Payable	594 (164)	— (—)	— (—)

Previous year figures are given in the brackets.

Notes to financial statements for the year ended 31 March 2012

25. In accordance with Accounting Standard 22 on "Accounting for Taxes on Income" as notified under the Companies Accounting Standards Rules, 2006 (as amended), on conservative basis, deferred tax assets have not been accounted for in the books of accounts, since the estimation of future taxable profits cannot be made with virtual certainty against which such Deferred Tax Assets would be realised.

26. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ Nil (Previous Year ₹ Nil).

27. **Operating Lease**

General description of the Company's operating lease arrangements: The Company has entered into operating lease arrangements primarily for Office premises, Godowns etc. Some of the significant terms and conditions for the arrangements are:

- agreements can generally be terminated by lessee/either parties by serving one to three months notice or by paying the notice period rent in lieu thereof;
- the lease is generally renewable on the expiry of lease period subject to mutual agreement;
- the Company has no obligation towards the owner in case of damage to the property on account of risk factors like fire, flood, riots, natural calamities, etc.

(₹ in '000)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Lease rentals charged to the profit and loss account.	4,661	3,989

28. **Employee benefit plans:**

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.

The Provident Fund being administered by a Trust (managed by the ultimate holding company of the Company) is a defined contribution scheme. Shortfall in the interest, if any, is adequately provided by the Company.

The following table summarises the components of net benefit expense recognised in the profit and loss account, the funded/unfunded status and amounts recognised in the balance sheet for the Gratuity and Leave encashment.

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

(₹ in '000)

Particulars	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Funded)	(Unfunded)	(Funded)	(Unfunded)
Current service cost	347	144	313	130
Interest cost on benefit obligation	119	152	77	107
Expected return on plan assets	(143)	—	(97)	—
Net actuarial (gain)/loss recognised in the year	2	273	(11)	470
Past service cost	—	—	97	—
Net benefit expense	325	569	379	707
Actual return on plan assets	151	—	190	—

Balance Sheet

Details of Provision for Gratuity and Leave Encashment

(₹ in '000)

Particulars	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined benefit obligation	(1,840)	(2,266)	(1,519)	(1,982)
Fair value of plan assets	1,874	—	1,600	—
Less: Un-recognized past service cost	—	—	—	—
Plan asset/(liability)	34	(2,266)	81	(1,982)

Changes in the present value of the defined benefit obligation are as follows:
(₹ in '000)

Particulars	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening defined benefit obligation	1,519	1,982	975	1,416
Interest cost	119	152	77	107
Current service cost	347	144	313	130
Past service cost	—	—	97	—
Benefits paid	(155)	(285)	(25)	(141)
Actuarial (gains)/losses on obligation	10	273	81	470
Closing defined benefit obligation	1,840	2,266	1,519	1,982

Changes in the fair value of plan assets are as follows:

(₹ in '000)

Particulars	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening fair value of plan assets	1,600	—	993	—
Expected return	143	—	97	—
Contributions by employer	278	285	442	141
Benefits paid	(155)	(285)	(25)	(141)
Actuarial gains / (losses)	8	—	93	—
Closing fair value of plan assets	1,874	—	1,600	—

The Company expects to contribute ₹ 450 (Previous year ₹ 400) thousands to gratuity fund in 2012-13.

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

Particulars	2011-12	2010-11
Investments with insurer	100%	100%

The principal assumptions are the discount rate & salary increase. The discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of liabilities and the salary increase takes in to account inflation, seniority, promotion and other relevant factors on long term basis.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	2011-12 (In %)	2010-11 (In %)
Discount rate	8.25	8.00
Expected rate of return on plan assets	8.25	7.50

Notes to financial statements for the year ended 31 March 2012

Amount for the current and previous year are as follows: (₹ in '000)

Particulars	Gratuity				
	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit obligation	(1,840)	(1,519)	(975)	(790)	(746)
Fair value of Plan assets	1,874	1,600	993	779	813
Plan asset / (liability)	34	81	18	(11)	67
Experience loss/(gain) on plan liabilities	11	81	(61)	(253)	127
Experience loss/(gain) on plan assets	(8)	(93)	57	94	2

29. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

S.No.	Particulars	2011-12	2010-11
a)	the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	—	—
b)	the amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	—	—
c)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	—	—
d)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	—	—
e)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	—	—

30. Particulars of Un-hedged Foreign Currency Exposure

(₹ in '000)

Particulars	Currency	2011-12	2010-11
Debtors	AUD\$	254.99	251.60
	₹	13,492	11,601

31. Earnings in foreign currency

(₹ in '000)

Particulars	2011-12	2010-11
FOB value of Exports	19,669	24,882

32. Expenditure in foreign currency

(₹ in '000)

Particulars	2011-12	2010-11
Travelling	109	151
Testing Charges, Temperature Data Loggers	652	537

33. Particulars regarding Purchase, Sales and Stock

(₹ in '000)

Particulars	2011-12 Value	2010-11 Value
Purchase		
Field Generated Seed Potatoes	10,161	10,749
Insecticides, Fungicides and Micronutrients	8,456	7,130
Sales		
TECHNITUBER® Seed Potatoes	19,631	21,755
Field Generated Seed Potatoes	452,750	446,589
Banana Tissue Culture Plantlets	416	—
Insecticides, Fungicides and Micronutrients	9,162	8,139
Opening Stock		
TECHNITUBER® Seed Potatoes	20,528	19,873
Field Generated Seed Potatoes	342,911	320,615
Banana Tissue Culture Plantlets	450	—
Insecticides, Fungicides and Micronutrients	2	—
Closing Stock		
TECHNITUBER® Seed Potatoes	18,890	20,528
Field Generated Seed Potatoes	392,459	342,911
Banana Tissue Culture Plantlets	112	450
Insecticides, Fungicides and Micronutrients	78	2

34. Consumption of Plantlets, Chemicals and fertilisers and Packing Stores

(₹ in '000)

Particulars	2011-12	%	2010-11	%
Imported	—	—	—	—
Indigenous	43,523	100.00	37,272	100.00
Total	43,523		37,272	

35. Consumption of Consumables

(₹ in '000)

Particulars	2011-12	%	2010-11	%
Imported	—	—	—	—
Indigenous	1,172	100.00	1,067	100.00
Total	1,172	100.00	1,067	

36. Previous years' figures have been regrouped and/or rearranged wherever necessary to make their classification comparable with that of the current year.

For S.R. Batliboi & Co.
Firm Registration No. : 301003E
Chartered Accountants
per Manoj Gupta
Partner
Membership No. 83906
Gurgaon, April 26, 2012

For and on behalf of the Board of Directors of Technico Agri Sciences Limited
Arup Kumar Mukerji Director
Sachidanand Madan Director and Company Secretary
Sanjeev Madan Vice President (Finance)