

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2014

Your Directors submit their Report for the financial year ended 31st March, 2014.

During the year under review, production of potato in India, estimated at 46.44 Million MT, recorded an all-time high. As a result, potato prices which started high, rapidly declined and remained low till September. However, the Kharif crop was impacted by disease, crop loss and high rottag due to heavy and continuous rains, leading to a 40-50% drop in production. This coupled with higher rotag of rain impacted stocks in cold stores and a delayed early Rabi crop pushed prices to a record high by November.

Demand for your Company's seeds remained strong, driven by the strength of its brand, its product quality, on-field performance and strong trade and customer relationships. This enabled your Company to mitigate the increase in production costs consequent to weather related crop losses and higher rottag and achieve a 14.36% growth in Turnover and 3.21% improvement in Profit before Tax over the previous year.

The ultimate Holding Company continued to leverage your Company's leadership in the production of early generation seed potatoes and strengths in agronomy not only for sourcing chip stock for the 'Bingo! Yumitos' range of potato chips but also in servicing the seed potato requirements of its farmer base anchored to its e-choupal system.

CORPORATE GOVERNANCE

Your Board has adopted a Corporate Governance Policy that seeks to establish a Governance mechanism to carry out its business in the best interests of the Company and its stakeholders. This Policy clearly identifies the key functionaries in the governance process of the Company, defines their roles and responsibilities and details their powers and functions.

FINANCIAL RESULTS

Particulars	(₹ crore)	
	2013-14	2012-13
Turnover	73.24	64.04
Profit before interest, depreciation & tax	15.01	14.52
Financial expenses	0.00	0.00
Depreciation	0.89	0.84
Profit before tax	14.12	13.68
Deferred Tax	0.03	(3.80)
Profit after tax	14.09	17.48
Balance carried forward to Balance Sheet	39.82	25.73

COMPANY'S PERFORMANCE

(A) PRODUCTION OF TECHNITUBER® SEED POTATOES

During the year under review, your Company stepped up its production of TECHNITUBER® seed potatoes to 108.43 lakhs (Previous Year: 85.10 lakhs) at its facility at Manpura, Himachal Pradesh.

(B) FIELD OPERATIONS

Heavy and frequent unseasonal showers coupled with early frost in North India resulted in a lower seed crop and delayed harvest and filling of cold stores. The main potato crop was also impacted in the major growing areas of UP, Bihar and West Bengal due to a combination of frost, late blight and heavy rains. Consequently, the overall potato crop in India is expected to reduce by 10-15% over the previous year which, in turn, has led to an increase in prices in the market.

Such climatic, agricultural and market developments have also resulted in a decline in the production of seed potatoes for your Company; however, prices are likely to remain firm in line with the market.

Your Company continued to trial and introduce new varieties to improve yield, augment farmer incomes and support the processing industry. It also facilitated the import and trialling of the latest mechanised Planters and Harvesters from Germany and continued to expand the availability of grading machines to improve seed quality.

(C) MARKETING

Your Company sold 37,469 MT of early generation field seed potatoes against 37,556 MT in the previous year. The volume of TECHNITUBER® seed potato exports went up from 21.93 lakhs in the previous year to 30.21 lakhs in the current year.

Your Company recognises that its business is subject to climatic, agricultural and cyclical risks but looks forward to grow its business through continued delivery of superior product 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 your Company, which has led to its robust performance 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.

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

The Board of Directors of your Company re-appointed Mr. Sachidanand Madan as Wholetime Director for a period of 3 years with effect from 1st June, 2014, in terms of the provisions of Section 196 of the Companies Act, 2013, read with Schedule V thereto, subject to the approval of the Members of the Company at the next General Meeting. Appropriate resolution seeking your approval for re-appointment of Mr. Madan as Wholetime Director is appearing in the Notice convening the ensuing Annual General Meeting of the Company.

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

AUDIT COMMITTEE

The Audit Committee of your Company comprises 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:

- followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures if any;
- selected such accounting policies and applied them consistently and made judgements 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;
- 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
- prepared the Annual Accounts on a going concern basis.

AUDITORS

The Company's Auditors, Messrs. S. R. Batliboi & Co. LLP, Chartered Accountants, who retire at the ensuing Annual General Meeting, have completed their tenure in terms of Section 139(2) of the Companies Act, 2013 ('the Act').

Your Board of Directors, on the recommendation of the Audit Committee, has recommended the appointment of Messrs. Price Waterhouse, Chartered Accountants, (Registration No. 301112E), as Auditors of the Company for a period of five years in accordance with Section 139(1) of the Act. Messrs. Price Waterhouse, Chartered Accountants, have given their consent and certificate for appointment as the Auditors of the Company.

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

Place : New Delhi
Dated : 25th April, 2014

**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, your 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 operations 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, the Holding Company.

- 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, your Company continues to refine and improve upon the Technology by drawing on the technical expertise of the Holding 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	:	1.59
Foreign Exchange Outgo	:	0.05

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

Place: New Delhi
Dated: 25th April, 2014

**S Sivakumar
Chairman**

INDEPENDENT AUDITOR'S REPORT

To the Members of Technico Agri Sciences Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Technico Agri Sciences Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the 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 accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") 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, 2014;
- (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 the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) 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;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration Number: 301003E
per Vikas Mehra

Place : New Delhi
Date : 25th April, 2014

Partner
Membership No.: 94421

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" 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) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of 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.
- (b) 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) 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. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (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 nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the 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, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions relating to excise duty and 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, cess and other material 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 explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs 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) The Company did not have any dues outstanding in respect of debenture holders, financial institutions or banks during the year.
- (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 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. LLP
Firm Registration Number: 301003E
Chartered Accountants
per Vikas Mehra
Partner
Membership No.: 94421

Place : New Delhi
Date : 25th April, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

(Amount in ₹ '000)

Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	3,79,628	3,79,628
Reserves and Surplus	4	3,98,256	2,57,332
		<u>7,77,884</u>	<u>6,36,960</u>
Non-current liabilities			
Long-term Provisions	5	2,966	2,875
		<u>2,966</u>	<u>2,875</u>
Current liabilities			
Trade Payables	6.1	1,96,987	2,06,229
Other Current Liabilities	6.2	19,813	83,541
Short-term Provisions	5	808	913
		<u>2,17,608</u>	<u>2,90,683</u>
TOTAL		<u><u>9,98,458</u></u>	<u><u>9,30,518</u></u>
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	7.1	1,11,675	104,750
Capital Work-in-progress		51	522
Intangible Assets	7.2	945	—
Intangible Assets under development	7.3	—	1,050
Long-term Loans and Advances	8	4,517	3,485
Deferred tax assets (net)	9.3	37,703	38,004
		<u>1,54,891</u>	<u>1,47,811</u>
Current assets			
Current investments	10	3,91,088	3,10,838
Inventories	11	4,32,557	4,55,847
Trade Receivables	9.1	12,839	10,822
Cash and bank balances	12	1,588	1,336
Short-term Loans and Advances	8	4,675	3,099
Other Current Assets	9.2	820	765
		<u>8,43,567</u>	<u>7,82,707</u>
Total		<u><u>9,98,458</u></u>	<u><u>9,30,518</u></u>
Nature of Operations	1		
Statement of significant accounting policies	2.1		

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

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

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

Firm registration number: 301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership no.: 94421

Arup Kumar Mukerji
Director

Sachidanand Madan
Director and Company
Secretary

Sanjeev Madan
Vice President
(Finance)

Place: New Delhi
Date: 25th April, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹ '000)

Particulars	Notes	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Income			
Revenue from operations (net)	13	7,39,408	6,47,829
Other income	14	30,028	21,341
Total (I)		<u>7,69,436</u>	<u>6,69,170</u>
Expenses			
Cost of Raw material and Components consumed	15	43,137	43,439
Purchase of Traded Goods	16.1	44,972	46,510
(Increase)/ decrease in Inventories of Finished Goods and Work-in-progress	16.2	17,133	(2,435)
(Increase)/ decrease in Inventories of Traded Goods	16.3	5,574	(28,744)
Employee Benefits expense	17	52,429	48,784
Other expenses	18	4,56,072	4,16,377
Total (II)		<u>6,19,317</u>	<u>5,23,931</u>
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		<u>1,50,119</u>	<u>1,45,239</u>
Depreciation and Amortization expense	20	8,894	8,431
Profit/(loss) before tax		<u>1,41,225</u>	<u>1,36,808</u>
Tax expenses			
Current tax		169	—
MAT credit entitlement		(169)	—
Deferred tax expense/(income)		301	(38,004)
Total tax expense/(income)		<u>301</u>	<u>(38,004)</u>
Profit/(loss) after tax		<u>1,40,924</u>	<u>1,74,812</u>
Earnings per equity share [nominal value of share ₹10 (31 March 2013: ₹10)]	21		
Basic			
Computed on the basis of total profit for the year		₹3.71	₹4.60
Diluted			
Computed on the basis of total profit for the year		₹3.71	₹4.60
Nature of Operations	1		
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm Registration Number : 301003E

Chartered Accountants

per Vikas Mehra

Partner

Membership No. 94421

Place: New Delhi

Date: 25th April, 2014

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

Arup Kumar Mukerji

Sachidanand Madan

Sanjeev Madan

Director

Director and Company Secretary

Vice President (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Cash flow from operating activities		
Profit before tax	<u>1,41,225</u>	<u>1,36,808</u>
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	8,894	8,431
Impairment/other write off on Tangible/Intangible assets	14	—
Loss/(profit) on sale of fixed assets	(244)	38
Unrealized Foreign Exchange (gain)/loss	292	29
Dividend income	(20,361)	(10,343)
Operating profit before Working Capital changes	<u>1,29,820</u>	<u>1,34,963</u>
Movements in Working Capital :		
Increase/(decrease) in Trade Payables	(9,242)	90,904
Increase / (decrease) in Long-term provisions	91	815
Increase / (decrease) in Short-term provisions	(105)	706
Increase/(decrease) in Other Current Liabilities	(63,728)	21,770
Decrease/(increase) in Trade Receivables	(2,309)	5,196
Decrease/(increase) in Inventories	23,290	(33,583)
Decrease / (increase) in Long-term Loans and Advances	(1,032)	1,504
Decrease / (increase) in Short-term Loans and Advances	(1,576)	(783)
Decrease/(increase) in Other Current Assets	(55)	169
Cash generated from / (used in) Operations	<u>75,154</u>	<u>2,21,661</u>
Net cash flow from/ (used in) operating activities (A)	<u>75,154</u>	<u>2,21,661</u>
Cash flows from investing activities		
Purchase of Fixed Assets, including Intangible Assets, CWIP and Capital Advances	(15,900)	(5,771)
Proceeds from sale of Fixed Assets	887	408
Purchase of Current Investments	(33,67,962)	(24,57,406)
Proceeds from sale/maturity of Current Investments	32,85,362	22,33,797
Dividends received	22,711	7,406
Net cash flow from/ (used in) investing activities (B)	<u>(74,902)</u>	<u>(2,21,566)</u>
Cash flows from financing activities		
Repayment of Short-term Borrowings	—	—
Interest paid	—	—

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd)

(Amount in ₹ '000)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Net Cash flow from/(used in) in financing activities (C)	—	—
Net increase/(decrease) in Cash and Cash equivalents (A + B + C)	252	95
Cash and Cash equivalents at the beginning of the year	1,336	1,241
Cash and Cash equivalents at the end of the year	1,588	1,336
Components of Cash and Cash equivalents		
Cash on Hand	16	32
With banks- on Current Account	1,562	1,294
Other bank balances	10	10
Total Cash and Cash equivalents	1,588	1,336
Notes :		
1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 Cash Flow Statements.		
2. CASH AND CASH EQUIVALENTS :-		
Cash and bank balances (Note 12)	1,588	1,336

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm registration Number : 301003E

Chartered Accountants

per Vikas Mehra

Partner

Membership No. 94421

Place: New Delhi

Date: 25th April, 2014

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 2014

1 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 Village Manpura, District 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 bought out Agri Inputs comprising Insecticides, Fungicides and Micronutrients to the farmers associated with the Company for growing Field Generated Seed Potatoes. The trial production of Tissue Culture Plantlets of Banana continues in the facility situated at Village Manpura, District Solan, Himachal Pradesh.

2 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.

2.1 Statement of Significant Accounting Policies

a) 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.

b) 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.

c) Depreciation on Tangible Fixed Assets

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.

d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets representing computer software are amortized on a straight line basis over the estimated useful life of one to five years. The amortization period and the amortization method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

e) Impairment of Assets

- The carrying amounts of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the 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.
- 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

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) Potatoes, 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.

- (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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 funds.

- (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 Statement of Profit & Loss. 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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.

r) Measurement of EBITDA

As permitted by the *Guidance Note on the Revised Schedule VI to the Companies Act, 1956*, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, finance costs and tax expense.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	As at		(Amount in ₹ '000)	
	31 March 2014		31 March 2013	
Authorized				
40,000,000 (31 March 2013: 40,000,000) equity shares of ₹10 each		<u>4,00,000</u>		<u>4,00,000</u>
Issued, Subscribed and Fully Paid-up				
37,962,800 (31 March 2013 : 37,962,800) equity shares of ₹10 each		<u>3,79,628</u>		<u>3,79,628</u>
Total issued, Subscribed and Fully Paid-up Share capital		<u>3,79,628</u>		<u>3,79,628</u>

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

Particulars	As at		As at	
	31 March 2014		31 March 2013	
	Numbers	(Amount in ₹ '000)	Numbers	(Amount in ₹ '000)
At the beginning of the period	<u>3,79,62,800</u>	<u>3,79,628</u>	<u>3,79,62,800</u>	<u>3,79,628</u>
Issued during the period	—	—	—	—
Outstanding at the end of the period	<u>3,79,62,800</u>	<u>3,79,628</u>	<u>3,79,62,800</u>	<u>3,79,628</u>

b. Terms/rights attached to Equity Shares

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

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		As at	
	31 March 2014		31 March 2013	
	Numbers	(Amount in ₹ '000)	Numbers	(Amount in ₹ '000)
Technico Pty Ltd., the Holding Company				
Equity shares of ₹10 each fully paid	<u>3,79,62,794</u>	<u>3,79,628</u>	<u>3,79,62,794</u>	<u>3,79,628</u>
Technico Pty Ltd., the Holding Company , jointly with other share holders				
Equity shares of ₹10 each fully paid	<u>6</u>	<u>—</u>	<u>6</u>	<u>—</u>

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

Name of the Shareholders	As at		As at	
	31 March 2014		31 March 2013	
	Numbers	% holding	Numbers	% holding
Equity shares of ₹10 each fully paid				
Technico Pty Ltd., the holding company	<u>3,79,62,794</u>	<u>99.99%</u>	<u>3,79,62,794</u>	<u>99.99%</u>

4. Reserves and Surplus

Particulars	As at		(Amount in ₹ '000)	
	31 March 2014		31 March 2013	
Surplus/(deficit) in the statement of Profit and Loss				
Balance as per last financial statements		<u>2,57,332</u>		<u>82,520</u>
Profit for the year		<u>1,40,924</u>		<u>1,74,812</u>
Net surplus in the statement of Profit and Loss		<u>3,98,256</u>		<u>2,57,332</u>
Total Reserves and Surplus		<u>3,98,256</u>		<u>2,57,332</u>

5. Provisions

Particulars	Non-current		Current	
	As at		As at	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Provision for Employee Benefits				
Provision for gratuity	<u>343</u>	<u>365</u>	<u>—</u>	<u>—</u>
Provision for Leave benefits	<u>2,623</u>	<u>2,510</u>	<u>808</u>	<u>913</u>
	<u>2,966</u>	<u>2,875</u>	<u>808</u>	<u>913</u>

6.1. Trade Payables

Particulars	As at		(Amount in ₹ '000)	
	31 March 2014		31 March 2013	
Trade payables (refer note 28 for details of dues to micro and small enterprises)		—		—
Trade Payables other than Micro and Small Enterprises		<u>1,96,987</u>		<u>2,06,229</u>
		<u>1,96,987</u>		<u>2,06,229</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

6.2. Other Current Liabilities
Particulars

(Amount in ₹ '000)
As at

Particulars	As at 31 March 2014	As at 31 March 2013
Advances from Customers	18,603	82,384
Deposit from Dealers	180	180
Other Payables	1,030	977
	<u>19,813</u>	<u>83,541</u>

7.1. Tangible Assets

(Amount in ₹ '000)

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Licensed Properties - Building Improvements	Office Equipment	Computers, Servers & Other IT equipments	Vehicles	Total
At Cost									
At 1 April 2012	15,193	46,548	1,20,934	2,322	5,029	728	4,074	3,631	1,98,459
Additions	—	—	2,891	—	—	—	714	1,644	5,249
Disposals	—	—	(5)	—	—	—	(274)	(747)	(1,026)
At 31 March 2013	15,193	46,548	1,23,820	2,322	5,029	728	4,514	4,528	2,02,682
Additions	—	—	14,078	—	—	—	353	1,940	16,371
Disposals	—	—	(245)	—	—	(11)	(226)	(2,021)	(2,503)
At 31 March 2014	15,193	46,548	1,37,653	2,322	5,029	717	4,641	4,447	2,16,550
Depreciation									
At 1 April 2012	—	15,151	67,501	1,575	1,101	232	2,397	2,124	90,081
Charge for the year	—	1,313	5,726	91	531	33	383	354	8,431
Disposals	—	—	(2)	—	—	—	(207)	(371)	(580)
At 31 March 2013	—	16,464	73,225	1,666	1,632	265	2,573	2,107	97,932
Charge for the year	—	1,313	5,958	91	531	33	448	415	8,789
Disposals	—	—	(139)	—	—	(3)	(130)	(1,574)	(1,846)
At 31 March 2014	—	17,777	79,044	1,757	2,163	295	2,891	948	1,04,875
Net Block									
At 31 March 2013	15,193	30,084	50,595	656	3,397	463	1,941	2,421	1,04,750
At 31 March 2014	15,193	28,771	58,609	565	2,866	422	1,750	3,499	1,11,675

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 ₹10199 thousand (Previous Year ₹10,199 thousand) has been given to Ultimate Parent Company on operating lease.

7.2 Intangible Assets

(Amount in ₹ '000)

Particulars	Technical know now	Computer Software	Total
Gross block			
At 1 April 2012	93,837	—	93,837
Purchase	—	—	—
Internal development	—	—	—
At 31 March 2013	93,837	—	93,837
Purchase	—	1,050	1,050
At 31 March 2014	93,837	1,050	94,887
Amortization			
At 1 April 2012	93,837	—	93,837
Charge for the year	—	—	—
At 31 March 2013	93,837	—	93,837
Charge for the year	—	105	105
At 31 March 2014	93,837	105	93,942
Net block			
At 31 March 2013	—	—	—
At 31 March 2014	—	945	945

7.3. Intangible Assets under development

(Amount in ₹ '000)

	As at 31 March 2014	As at 31 March 2013
Computer software	—	1,050
	—	1,050

8. Loans and Advances

(Amount in ₹ '000)

Particulars	Non-current As at		Current As at	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Security deposit				
Secured, considered good	—	—	—	—
Unsecured, considered good	1,323	1,319	210	183
Doubtful	—	—	—	—
	(A) 1,323	1,319	210	183
Advances recoverable in Cash or kind				
Secured considered good	—	—	—	—
Unsecured considered good	—	—	2,667	1,253
Doubtful	—	—	393	393
	—	—	3,060	1,646
Provision for doubtful advances	—	—	393	393
	(B) —	—	2,667	1,253
Other loans and advances				
Unsecured, considered good	—	—	—	—
Prepaid expenses	60	141	1,484	1,163
Balances with Statutory/ Government authorities	3,134	2,025	314	500
	(C) 3,194	2,166	1,798	1,663
Total (A+ B + C)	4,517	3,485	4,675	3,099

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

9. Trade Receivables and Other Assets

Particulars	(Amount in ₹ '000)	
	As at 31 March 2014	As at 31 March 2013
9.1 Trade Receivables		
	Current	
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	—	—
Doubtful	589	589
	<u>589</u>	<u>589</u>
Provision for doubtful receivables	(589)	(589)
(A)	—	—
Other receivables		
Secured, considered good	—	—
Unsecured, considered good	12,839	10,822
Doubtful	18,513	—
	<u>31,352</u>	<u>10,822</u>
Provision for doubtful receivables	(18,513)	—
(B)	<u>12,839</u>	<u>10,822</u>
Total (A + B)	<u>12,839</u>	<u>10,822</u>

9.2 Other Assets

Particulars	(Amount in ₹ '000)	
	As at 31 March 2014	As at 31 March 2013
	Current	
Others		
Interest accrued on Fixed Deposits	18	15
Other receivables from related parties (note 23(ii))	802	750
	<u>820</u>	<u>765</u>

9.3 Deferred tax assets

Particulars	(Amount in ₹ '000)	
	As at 31 March 2014	As at 31 March 2013
	Non-Current	
On account of Unabsorbed depreciation	37,703	38,004
	<u>37,703</u>	<u>38,004</u>

10. Current Investments

Particulars	(Amount in ₹ '000)	
	As at 31 March 2014	As at 31 March 2013
(At lower of cost and fair value)		
20,00,000 units (Previous Year Nil) - Birla Sun Life Fixed Term Plan - Series HY (368 days) - Dividend-Regular-Payout (Quoted)	20,000	—
80,00,000 units (Previous Year Nil) - Birla Sun Life Fixed Term Plan - Series JL (368 days) - Dividend-Direct-Payout (Quoted)	80,000	—
20,00,000 units (Previous Year Nil) - HDFC FMP 370D September 2013 (2) Series 27-Regular-Normal Dividend Payout (Quoted)	20,000	—
64,96,091 units (Previous Year 15,16,704 units) - JPMorgan India Liquid Fund Super Inst. Daily Dividend Reinvestment (Unquoted)	65,142	15,179
24,530 units (Previous Year 64,423 units) - Reliance Liquid Fund - Treasury Plan - Daily Dividend Reinvestment Option (Unquoted)	37,500	98,486
80,00,000 units (Previous Year Nil) - LIC Nomura MF Fixed Maturity Plan Series 73 -366 Days-Dividend Plan (Quoted)	80,000	—
Nil (Previous Year 70,00,000 units) - DWS Fixed Maturity Plan -Series 24-Dividend-Regular Plan Payout (Quoted)	—	70,000
Nil (Previous Year 30,00,000 units) - Birla Sun life Interval Income Fund – Quarterly Plan-Series 1-Dividend-Regular Plan Payout (Quoted)	—	30,000
88,401 units (Previous Year 97,123 units) - Reliance Liquidity Fund - Daily Dividend Reinvestment Option (Unquoted)	88,446	97,173
	<u>3,91,088</u>	<u>3,10,838</u>

Aggregate amount of quoted investments - Fair value ₹ 206248 thousands (previous year ₹ 101123 thousands)

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

Particulars	(Amount in ₹ '000)	
	As at 31 March 2014	As at 31 March 2013
Raw Materials and Components (refer note 15)	8,698	10,394
Work-in-progress (refer note 16.2)	3,755	9,546
Finished Goods (refer note 16.2)	3,83,126	3,94,468
Traded Goods (refer note 16.3)	34,269	39,843
Stores and Spares	2,709	1,596
	<u>4,32,557</u>	<u>4,55,847</u>

12. Cash and bank balances

Particulars	(Amount in ₹ '000)	
	As at 31 March 2014	As at 31 March 2013
Cash and Cash equivalents		
Balances with Banks:		
On current accounts	1,562	1,294
Cash on hand	16	32
	<u>1,578</u>	<u>1,326</u>
Other Bank balances		
Bank Deposits	10	10
	<u>10</u>	<u>10</u>
	<u>1,588</u>	<u>1,336</u>

13. Revenue from Operations

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Revenue from Operations		
Sale of products		
Finished Goods	6,68,852	6,10,568
Traded Goods	63,552	29,821
Other operating revenue		
Sale of old empty bags	6,327	6,637
Other	677	803
Revenue from operations	<u>7,39,408</u>	<u>6,47,829</u>
Details of products sold		
	(Amount in ₹ '000)	
Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Finished Goods sold		
TECHNITUBER® Seed Potatoes	29,398	14,318
Field Generated Seed Potatoes	6,37,922	594,312
Banana Tissue Culture Plantlets	1,532	1,938
	<u>6,68,852</u>	<u>6,10,568</u>
Traded Goods sold		
Field Generated Seed Potatoes	24,225	20,606
Potatoes	30,511	—
Insecticides,Fungicides and Micronutrients	8,816	9,215
	<u>63,552</u>	<u>29,821</u>
	<u>7,32,404</u>	<u>6,40,389</u>

Notes to financial statements for the year ended 31 March 2014

14. Other Income

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest income on		
Bank deposits	3	2
Others	—	243
Dividend income on		
Current investments	20,361	10,343
Rental income	9,266	9,266
Exchange difference (net)	—	1,237
Profit on sale of assets	249	—
Miscellaneous income	149	250
	<u>9,664</u>	<u>10,753</u>
	<u>30,028</u>	<u>21,341</u>

15. Cost of Raw Material and Components Consumed

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Inventory at the beginning of the year	10,394	8,006
Add: Purchases	41,441	45,827
	<u>51,835</u>	<u>53,833</u>
Less: inventory at the end of the year	8,698	10,394
Cost of Raw Material and Components Consumed	<u>43,137</u>	<u>43,439</u>

Details of Raw Material and Components Consumed

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Plantlets	193	156
Chemicals and Fertilisers	2,571	2,548
Packing stores	40,373	40,735
	<u>43,137</u>	<u>43,439</u>

Details of Inventory

Particulars	(Amount in ₹ '000)	
	As at 31 March 2014	As at 31 March 2013
Raw Materials and Components		
Plantlets	—	—
Chemicals and Fertilisers	1,605	1,454
Packing stores	7,093	8,940
	<u>8,698</u>	<u>10,394</u>

16.1 Purchase of Traded Goods

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Field Generated Seed Potatoes	14,642	9,277
Potatoes	22,515	29,020
Insecticides, Fungicides and Micronutrients	7,815	8,213
	<u>44,972</u>	<u>46,510</u>

16.2 (Increase)/decrease in Inventories

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Finished goods and Work-in-progress		
Inventories at the end of the year	3,86,881	4,04,014
Inventories at the beginning of the year	4,04,014	4,01,579
(Increase)/decrease	<u>17,133</u>	<u>(2,435)</u>

Details of Inventory

Particulars	(Amount in ₹ '000)	
	As at 31 March 2014	As at 31 March 2013
Finished Goods		
TECHNITUBER® Seed Potatoes	23,195	21,750
Field Generated Seed Potatoes	3,59,931	3,72,718
Banana Tissue Culture Plantlets	—	—
Total (A)	<u>3,83,126</u>	<u>3,94,468</u>
Work-in-progress		
Standing crop	3,192	8,142
Banana Tissue Culture Plantlets	563	1,404
Total (B)	<u>3,755</u>	<u>9,546</u>
Grand Total (A+B)	<u>3,86,881</u>	<u>4,04,014</u>

16.3 (Increase)/decrease in Inventories

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Traded goods		
Inventories at the end of the year	34,269	39,843
Inventories at the beginning of the year	39,843	11,099
(Increase)/decrease	<u>5,574</u>	<u>(28,744)</u>

Details of Inventory

Particulars	(Amount in ₹ '000)	
	As at 31 March 2014	As at 31 March 2013
Traded Goods		
Field Generated Seed Potatoes	15,416	10,196
Potatoes	18,840	29,497
Insecticides, Fungicides and Micronutrients	13	150
	<u>34,269</u>	<u>39,843</u>

17. Employee Benefits Expense

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Salaries, Wages and Bonus	48,224	43,969
Contribution to Provident and Other fund	1,072	970
Gratuity expense (note 27)	94	676
Staff Welfare expenses	3,039	3,169
	<u>52,429</u>	<u>48,784</u>

18. Other Expenses

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Consumption of Stores and Spares	463	1,033
Seed Farming Charges	2,28,154	2,32,874
Power and Fuel	11,955	10,508
Freight and forwarding charges	62,302	53,731
Rent	5,270	4,743
Storage and Handling cost	97,015	85,524
Rates and Taxes	243	313
Insurance	1,786	1,590
Repairs and Maintenance		
- Plant and Machinery	3,124	2,482
- Buildings	51	995
- Others	2,187	1,895
Advertising and Sales Promotion	1,116	86
Sales Commission	237	430
Travelling and Conveyance	9,943	9,258
Telephone, Postage and Telegram expenses	2,007	2,073
Printing and Stationery	584	653
Legal and Professional fees	3,644	1,921
Payment to Auditor (refer note 19)	849	649
Exchange differences (net)	639	—
Provision for Doubtful Debts and Advances	18,513	—
Loss on sale of Fixed Assets (net)	5	38
Miscellaneous expenses	5,985	5,581
	<u>4,56,072</u>	<u>4,16,377</u>

19. Payment to Auditor

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
As Auditor:		
Audit Fee	618	449
Tax Audit Fee	169	169
Reimbursements	62	31
	<u>849</u>	<u>649</u>

20. Depreciation and Amortization expense

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Depreciation of Tangible assets	8,789	8,431
Amortization of intangible assets	105	—
	<u>8,894</u>	<u>8,431</u>
	<u>8,894</u>	<u>8,431</u>

21. Earnings per share (EPS)

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Profit/(loss) after tax	1,40,924	1,74,812
Net profit/(loss) for calculation of basic EPS	<u>1,40,924</u>	<u>1,74,812</u>
Net profit as above	1,40,924	1,74,812
Net profit/(loss) for calculation of diluted EPS	<u>1,40,924</u>	<u>1,74,812</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

(Amount in ₹ '000)

Particulars	(Amount in ₹ '000)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
Earnings per share	Numbers	Numbers
Basic [Nominal value of shares ₹10 (Previous Year: ₹10)]	₹3.71	₹4.60
Diluted [Nominal value of shares ₹10 (Previous Year: ₹10)]	₹3.71	₹4.60

22. Segment Reporting

Geographical segment wise revenue (₹. in '000)

S. No.	Particulars	For the year ended 31 March 2014	For the Year ended 31 March 2013
(a)	Revenue from Domestic Market	7,16,550	6,30,470
(b)	Revenue from Overseas Market	15,854	9,919
	Total	7,32,404	6,40,389

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

S. No.	Particulars	As at 31 March 2014	As at 31 March 2013
(a)	Receivable from Domestic Market	21,540	2,493
(b)	Receivable from Overseas Market	10,401	8,918
	Total	31,941	11,411

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.

23. 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
Technico Pty Limited, Australia (TPL)	Holding Company
ITC Infotech India Limited (IIL)	Enterprise under Common Control
Mr. Surampudi Sivakumar	Director
Mr. Arup Kumar Mukerji	Director
Mr. Ganesh Kumar Sundararaman	Director
Mr. David Charles McDonald	Director
Mr. Sachidanand Madan	Whole Time Director

(ii) The following transactions were carried out with the related parties and the balances of these related parties as at 31 March, 2014 for the period then ended are presented herein below: (₹ in '000)

Particulars	Ultimate Holding Company (ITC)	Holding Company (TPL)	Common Control (RCL & IIL)
Sale of Seed Potatoes	3,388 (4,881)	13,684 (9,895)	— (—)
Rental income	9,266 (9,266)	— (—)	— (—)
Services Received	7,847 (6,135)	— (—)	468 (499)
Expenses Reimbursed	651 (885)	— (—)	— (—)
Expenses Recovered	37 (153)	901 (682)	— (—)
Trade Receivable	— (5)	9,723 (8,890)	— (—)
Other Receivable	802 (750)	— (—)	— (—)
Other Payable	549 (554)	— (—)	— (—)

Previous year figures are given in the brackets.

Notes to financial statements for the year ended 31 March 2014

24. The Company has unabsorbed depreciation. The Company's main business comprises of production and sale of TECHNITUBER® Seed Potatoes and field generated Seed Potatoes which is an agricultural income. The Company also has future taxable income of lease rental as per the lease agreement for 35 years effective 18 February, 2009. Considering the lease agreement and the expected future taxable income on the same, the management is virtually certain that the Company will generate taxable profits to set-off the unabsorbed depreciation resulting into deferred tax asset. The Company recognised an amount of ₹ 38004 thousands towards deferred tax asset in the year ended 31st March 2013 and an amount of ₹301 thousands has been adjusted against the deferred tax asset during the year.

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

26. 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	For the year ended	
	31 March, 2014	31 March, 2013
Lease rentals charged to the statement of profit and loss	5,270	4,743

27. 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 is being deposited with the Regional Provident Fund Commissioner, Chandigarh and Himachal Pradesh, is a defined contribution scheme.

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

Statement of Profit and Loss

Net employee benefit expense (recognised in Employee Cost)

(₹ in '000)

Particulars	For the year ended		For the year ended	
	31 March 2014		31 March 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Current service cost	376	149	400	162
Interest cost on benefit obligation	220	256	147	179
Expected return on plan assets	(201)	—	(162)	—
Net actuarial (gain)/ loss recognised in the year	(301)	(47)	291	434
Past service cost	—	—	—	—
Net benefit expense	94	358	676	775
Actual return on plan assets	181	—	24	—

Balance Sheet

Details of Provision for Gratuity and Leave Encashment

(₹ in '000)

Particulars	As at 31 March 2014		As at 31 March 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined benefit obligation	(2,632)	(3,068)	(2,541)	(2,988)
Fair value of plan assets	2,289	—	2,176	—
Less: Un-recognized past service cost	—	—	—	—
Plan asset / (liability)	343	(3,068)	(365)	(2,988)

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

(₹ in '000)

Particulars	For the year ended		For the year ended	
	31 March 2014		31 March 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening defined benefit obligation	2,541	2,988	1,840	2,266
Interest cost	220	256	147	179
Current service cost	376	149	400	162
Past service cost	—	—	—	—
Benefits paid	(184)	(278)	—	(53)
Actuarial (gains)/ losses on obligation	(321)	(47)	154	434
Closing defined benefit obligation	2,632	3,068	2,541	2,988

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

(₹ in '000)

Particulars	For the year ended		For the year ended	
	31 March 2014		31 March 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening fair value of plan assets	2176	—	1874	—
Expected return	201	—	162	—
Contributions by employer	116	278	277	53
Benefits paid	(184)	(278)	—	(53)
Actuarial gains / (losses)	(20)	—	(137)	—
Closing fair value of plan assets	2289	—	2176	—

The Company expects to contribute ₹. 300 (Previous year ₹. 300) thousands to gratuity fund in 2014-15.

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

Particulars	31 March 2014	31 March 2013
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	For the year ended	For the year ended
	31 March 2014	31 March 2013
	(In %)	(In %)
Discount rate	9.00	8.00
Expected rate of return on plan assets	9.00	8.00

Notes to financial statements for the year ended 31 March 2014

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

Particulars	Gratuity				
	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011	As at 31 March 2010
Defined benefit obligation	(2,632)	(2,541)	(1,840)	(1,519)	(975)
Fair value of Plan assets	2,289	2,176	1,874	1,600	993
Plan asset / (liability)	(343)	(365)	34	81	18
Experience loss/(gain) on plan liabilities	(321)	154	11	81	(61)
Experience loss/(gain) on plan assets	(20)	137	(8)	(93)	57

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

S.No.	Particulars	As at 31 March 2014	As at 31 March 2013
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	—	—

29. Particulars of Un-hedged Foreign Currency Exposure

(Figure in '000)

Particulars	Currency	As at 31 Mar 2014	As at 31 March 2013
Debtors	AUD\$	175.834	157.00
Debtors	EURO	8.20	0.40

30. Earnings in foreign currency

(₹ in '000)

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
FOB value of Exports	15,854	9,919

31. Expenditure in foreign currency

(₹ in '000)

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Travelling	119	61
Testing Charges and Plantlets	426	232

32. Particulars regarding Purchase, Sales and Stock

(₹ in '000)

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Purchase		
Field Generated Seed Potatoes	14,642	9,277
Potatoes	22,515	29,020
Insecticides, Fungicides and Micronutrients	7,815	8,213
Sales		
TECHNITUBER® Seed Potatoes	29,398	14,318
Field Generated Seed Potatoes	6,62,147	6,14,918
Potatoes	30,511	—
Banana Tissue Culture Plantlets	1,532	1938
Insecticides, Fungicides and Micronutrients	8,816	9,215
Opening Stock		
TECHNITUBER® Seed Potatoes	21,750	18,890
Field Generated Seed Potatoes	3,82,914	3,92,459
Potatoes	29,497	—
Banana Tissue Culture Plantlets	—	112
Insecticides, Fungicides and Micronutrients	150	78
Closing Stock		
TECHNITUBER® Seed Potatoes	23,195	21,750
Field Generated Seed Potatoes	3,75,347	3,82,914
Potatoes	18,840	29,497
Banana Tissue Culture Plantlets	—	—
Insecticides, Fungicides and Micronutrients	13	150
Work-in-progress		
Standing crop	3,192	8,142
Banana Tissue Culture Plantlets	563	1,404

33. Cost of Raw Material and Components consumed

(₹ in '000)

Particulars	For the year ended 31 March 2014	%	For the year ended 31 March 2013	%
Imported	—	—	—	—
Indigenous	43,137	100.00	43,439	100.00
Total	43,137		43,439	

34. Consumption of Stores and Spares

(₹ in '000)

Particulars	For the year ended 31 March 2014	%	For the year ended 31 March 2013	%
Imported	—	—	—	—
Indigenous	463	100.00	1,033	100.00
Total	463		1,033	

35. 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. LLP
Firm Registration No. : 301003E
Chartered Accountants
per Vikas Mehra
Partner
Membership No. 94421
Place: New Delhi
Date: 25th April, 2014

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)