

## AUDITORS' REPORT

The Board of Directors  
Advanta India Limited  
B-22, B, Brigade MM Building,  
K. R. Road Cross, Yediyur,  
Bangalore 560 082

Dear Sirs,

1. We have audited the attached Consolidated Balance Sheet of Advanta India Limited ("the Company") and its subsidiaries (hereinafter together referred to as "the group") as at 31<sup>st</sup> December, 2007, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed hereto. These Consolidated Financial Statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We have 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 whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of any of the subsidiaries whose financial statements reflect total assets of Rs.164,514.91 lacs as at 31<sup>st</sup> December, 2007 and total revenue of Rs.40,564.50 lacs for the year ended on that date, considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of such subsidiaries, is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the Consolidated Financial Statements.
5. *The Group had, in respect of Pacific Seeds Holding (Thailand) Limited, recognised deferred tax asset on the unused tax losses totalling THB (000) 14,721 (Rs.175.18 lacs) in the consolidated financial statements for the nine months period ended 31<sup>st</sup> December, 2006. There is no sufficient evidence to indicate that it is probable that the said company will have sufficient taxable profit against which such unused tax losses can be utilised. During the year ended 31<sup>st</sup> December, 2007, out of the aforesaid amount, an amount of THB (000) 2,280 has been reversed. The said recognition has the effect of understating the consolidated profit after taxation for the year ended 31<sup>st</sup> December, 2007 by THB (000) 2,280 (Rs.29.18 lacs) and overstating deferred tax*



assets and reserves and surplus as at 31st December, 2007 by THB (000) 12,441 (Rs.164.22 lacs).

6. *In the consolidated financial statements, Cost of Inputs, Procurement and Processing Charges for the year ended 31<sup>st</sup> December, 2007 has been shown at Rs.19,234.51 lacs. The respective amounts attributable to consumption of raw materials, consumption of stores and spares, purchase of traded goods and processing charges are not separately identified and disclosed.*
7. *During the year, the Holding Company has purchased and capitalised an amount of Rs.5,500 lacs in respect of intangible assets comprising of Intellectual Property Rights including goodwill, acquired under a business purchase agreement, without ascertaining the individual values of the various Intangible Assets and Goodwill (Also Refer Note No.11 in Schedule '19').*
8. *Consolidated Segment Information has not been given in the Consolidated Financial Statements as required by Accounting Standard (AS) 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India (Refer Note No. 18 in Schedule '19').*
9. Subject to the foregoing, based on our audit and to the best of our information and according to the explanations given to us and on the consideration of reports of other auditors on separate audited financial statements of subsidiaries included in the consolidated financial statements, we are of the opinion that the consolidated financial statements read together with the other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the group as at 31<sup>st</sup> December, 2007;
  - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated profit of the group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S. V. Ghatalia & Associates  
Chartered Accountants

*P. V. Paranjape*

P. V. Paranjape  
Partner

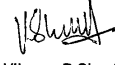
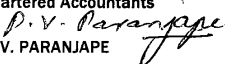
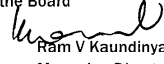

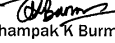
Membership No. 47296

Mumbai  
31<sup>st</sup> March, 2008

**ADVANTA INDIA LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2007**

	Schedule		As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
<b>I. SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>				
a) Capital	1	1,683.45		840.00
b) Share Capital Suspense Account		-		337.75
c) Reserves and Surplus	2	43,643.74	45,327.19	10,203.62
				11,381.37
<b>2. Loan Funds</b>				
a) Secured Loans	3	15,602.69		16,314.09
b) Unsecured Loan	4	16,092.66	31,695.35	28,509.65
				44,823.74
<b>3. Minority Interest</b>				
			144.07	-
<b>4. Deferred Tax Liabilities</b>				
	5		1,089.64	815.17
<b>Total</b>			<b>78,256.25</b>	<b>57,020.28</b>
<b>II. APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>				
a) Gross Block	6	59,504.94		46,067.37
b) Less: Depreciated/Amortisation		7,687.02		6,695.29
c) Net Block		51,817.92		39,372.08
d) Capital Work-in-Progress		401.84		133.88
			52,219.76	39,505.96
<b>2. Investments</b>				
	7		50.52	0.51
<b>3. Deferred Tax Assets</b>				
	5		2,484.72	1,156.17
<b>4. Current Assets, Loans and Advances</b>				
a) Inventories	8	14,782.05		8,701.77
b) Sundry Debtors	9	13,867.72		3,766.19
c) Cash and Bank balances	10	5,625.71		12,578.17
d) Other Current Assets	11	730.19		388.83
e) Loans and Advances	12	8,464.35		1,634.10
				27,069.06
<b>Less : Current Liabilities and Provisions</b>				
a) Liabilities	13	15,388.90		7,539.03
b) Provisions		4,579.87		3,557.76
		19,968.77		11,096.79
<b>Net Current Assets</b>				
			23,501.25	15,972.27
<b>5. Miscellaneous Expenditure</b>				
Public Issue Expenses				385.37
<b>Total</b>			<b>78,256.25</b>	<b>57,020.28</b>
Notes to Consolidated Accounts	19			
<p>As per our report of even date  For S. V. Ghatalia &amp; Associates  Chartered Accountants  <i>P. V. Paranjape</i>  P. V. PARANJAPE  Partner</p>				
<p style="text-align: center;">Mumbai 31st March, 2008</p>				
<p style="text-align: center;">Mumbai 31st March, 2008</p>				
<p style="text-align: center;">On behalf of the Board  <i>V. Shroff</i>  Vikram R Shroff  Director</p>				
<p style="text-align: center;"><i>Manoj Gupta</i>  Manoj Gupta  Chief Financial Officer</p>				
<p style="text-align: center;"><i>Ram V Kaundinya</i>  Ram V Kaundinya  Managing Director</p>				
<p style="text-align: center;"><i>Champak K Burma</i>  Champak K Burma  Company Secretary</p>				

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2007**

	Schedule	Current Year (Rs. in lacs)	Previous Period (Rs. in lacs)
<b>I. Income</b>			
Sales		43,069.46	29,798.42
Less: Rebates and Discounts		<u>2,855.52</u>	<u>1,147.94</u>
Other Income from Operations	14	40,213.94	28,650.48
Other Income	15	2,210.06	512.60
Increase in stock	16	3,059.32	1,316.89
		<u>5,830.54</u>	<u>1,690.03</u>
		51,313.86	32,170.00
<b>II. Expenditure</b>			
Production, selling and other expenses	17	40,066.40	25,253.64
Interest and other financial charges	18	4,078.63	2,607.68
Depreciation / Amortisation		<u>1,230.28</u>	<u>549.50</u>
		45,375.31	28,410.82
<b>Profit Before Taxation and Exceptional Income</b>		<u>5,938.55</u>	<u>3,759.18</u>
Exceptional Income - Profit on sale of Land		-	2,330.85
<b>III. Profit Before Taxation</b>		<u>5,938.55</u>	<u>6,090.03</u>
Provision for Taxation:			
- Current Tax		2,466.41	1,647.51
- Deferred Tax		(1,036.49)	(424.60)
- Fringe Benefits Tax		<u>52.51</u>	<u>27.43</u>
		1,482.43	1,250.34
<b>IV. Profit After Taxation</b>		<u>4,456.12</u>	<u>4,839.69</u>
Add / (Less): Minority Interest		81.92	-
Add / (Less): Prior Period Adjustments		(92.79)	95.36
		<u>4,445.25</u>	<u>4,935.05</u>
Add: Surplus brought forward from Previous Year		5,040.48	602.39
<b>V. Available Surplus</b>		<u>9,485.73</u>	<u>5,537.44</u>
<b>Appropriations</b>			
Transfer to General Reserve		125.00	300.00
Proposed Equity Dividend		168.35	168.35
Dividend Distribution Tax		<u>28.61</u>	<u>28.61</u>
		321.96	496.96
<b>Surplus carried to Balance Sheet</b>		<u>9,163.77</u>	<u>5,040.48</u>
<b>Consolidated Basic Earning per share (in Rs.):</b>			
Earning Including Exceptional income		28.41	46.05
Earning After excluding Exceptional income (net of tax)		28.41	29.03
<b>Consolidated Diluted Earning per share (in Rs.):</b>			
Earning Including Exceptional income		28.17	45.94
Earning After excluding Exceptional income (net of tax)		28.17	29.00
<b>Face Value Per Share (in Rs.)</b>		10.00	10.00
(Refer Note No.13 in Schedule 19)			
Notes to Consolidated Accounts	19		
As per our report of even date			
For S. V. Ghatalia & Associates			On behalf of the Board
Chartered Accountants			
		Vikram R Shroff	
P. V. PARANJAPE		Director	Managing Director
Partner			
		Manoj Gupta	Champak K Burma
		Chief Financial Officer	Company Secretary
Mumbai		Mumbai	
31st March, 2008		31st March, 2008	

	For the year ended 31st December, 2007		For the period ended 31st December, 2006	
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and Extraordinary Items		5,938.55		6,090.03
Adjustments for :				
Depreciation / Amortisation	1,230.28		549.50	
Loss/(Profit) on sale of Fixed Assets	7.90		(28.77)	
Loss/(Profit) on sale of Land/(Exceptional Income)	-		(2,330.85)	
Provision for Doubtful Debts & Advances	77.98		45.22	
Provision for Litigation	26.64		54.91	
Provisions written back	(5.83)		(3.64)	
Interest received	(1,896.26)		(576.94)	
Income from Current Investment	(20.06)		(6.15)	
Interest paid	3,584.06		2,259.76	
		3,004.71		(36.96)
Operating Profit before working capital changes		8,943.26		6,053.07
Adjustments for:				
Trade and other receivables & Loans & Advances	(10,402.17)		8,610.94	
Inventories	(6,080.28)		(1,032.28)	
Trade Payables & other liabilities	7,444.93		(31,538.79)	
		(9,037.52)		(23,960.13)
Cash generated from Operations		(94.26)		(17,907.06)
Direct taxes paid	(1,490.81)		(1,015.47)	
		(1,490.81)		(1,015.47)
Cash flow before extraordinary items		(1,585.07)		(18,922.53)
Prior Period Adjustments (Other than Taxation)		(92.79)		95.36
Net cash from Operating Activities (A)		(1,677.86)		(18,827.17)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets and Intangible Assets		(14,159.99)		(1,626.88)
Sale of fixed assets		25.22		2,699.92
Purchase of Investments		(50.01)		-
Sale of Investments		-		150.82
Sundry Loans given		(7,296.80)		806.45
Exchange Difference (Foreign Currency Translation)		(21.29)		(3,080.42)
Interest received		1,875.36		578.32
Income from Current Investments		20.06		6.15
Net Cash used in Investing Activities (B)		(19,607.45)		(465.64)
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
Proceeds from borrowings (Net)		(13,128.39)		25,889.98
Proceeds from Issue of equity shares		32,113.25		5,985.00
Share issue expenses		(1,814.81)		(385.37)
Interest paid		(2,640.24)		(1,311.56)
Dividend Paid		(168.35)		(252.00)
Tax on distributed Profits		(28.61)		(35.34)
Net cash used Financing Activities (C)		14,332.85		29,890.71
Net increase in cash and cash equivalents (A+B+C)		(6,952.46)		10,597.90
Cash and cash equivalents at the beginning of the year		12,578.17		923.28
Cash and cash equivalents transferred pursuant to the Scheme of Arrangement				1,056.99
Cash and cash equivalents at the end of the year		5,625.71		12,578.17

As per our report of even date

For S. V. Ghatelia & Associates

Chartered Accountants

P. V. PARANJPE  
Partner

Mumbai  
31st March, 2008

On behalf of the Board

Vikram R Shroff  
Director

Manoj Gupta  
Chief Financial Officer

Mumbai  
31st March, 2008

Ram V Kaundinya  
Managing Director

Champak K Burma  
Company Secretary

**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 1**

**CAPITAL**

	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
Authorised 20,000,000 Equity Shares of Rs. 10/- each	<u>2,000.00</u>	<u>2,000.00</u>
Issued, Subscribed and Paid up 1,68,34,500 (Previous Period : 8,400,000) Equity Shares of Rs. 10/- each fully paid-	1,683.45	840.00
<b>Total</b>	<u><b>1,683.45</b></u>	<u><b>840.00</b></u>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 2**

**RESERVES AND SURPLUS**

	(Rs. in lacs)	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
1. Capital Reserve:			
State Investment Subsidy		20.00	20.00
2. General Reserve:			
As at the commencement of the year	1,017.28		717.28
Add: Transferred from Profit and Loss Account	125.00		300.00
Less: Provision for Retirement Benefits (Refer Note No.12 in Schedule 19)	<u>19.18</u>	1,123.10	<u>-</u> 1,017.28
3. Contingency Reserve		568.00	568.00
4. Securities Premium:			
Balance as per last Balance Sheet	5,775.00		-
Add: Received during the year on issue of equity shares	31,607.55		5,775.00
Less: Public Issue Expenses (Refer Note No.8 in Schedule 19)	<u>2,200.18</u>	35,182.37	<u>-</u> 5,775.00
5. Amalgamation Reserve:			
Balance as per last Balance Sheet	717.21		-
Arising pursuant to a Scheme of Arrangement	<u>-</u>	717.21	<u>717.21</u> 717.21
6. Foreign Currency Translation Reserve		(3,130.71)	(2,934.35)
7. Balance in Profit and Loss Account		9,163.77	5,040.48
<b>Total</b>		<u><u>43,643.74</u></u>	<u><u>10,203.62</u></u>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 3**

**SECURED LOANS**

	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
<b>From Banks</b>		
- On Term Loan Account (Of the above, Rs. 14,213.97 lacs (Previous Period : Rs. 15,914.09 lacs) relating to Advanta Holdings B.V. is secured by pledge on certain assets and shares in its direct/ indirect subsidiary companies) (Also Refer Note No.7 in Schedule 19)	14,213.97	16,314.09
- On Cash Credit Account	1,388.72	-
<b>Total</b>	<u><u>15,602.69</u></u>	<u><u>16,314.09</u></u>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 4**

**UNSECURED LOAN**

	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
Term Loan from Bank and others	16,092.66	28,509.65
<b>Total</b>	<b>16,092.66</b>	<b>28,509.65</b>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 5**

**DEFERRED TAX**

	(Rs. in lacs)	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
<b>Deferred Tax Liabilities</b>			
a) On account of depreciation	899.92		468.84
b) Others	<u>189.72</u>		<u>346.33</u>
		1,089.64	815.17
<b>Total</b>		<u><u>1,089.64</u></u>	<u><u>815.17</u></u>
<b>Deferred Tax Assets</b>			
a) On provision for doubtful debtors	89.82		60.50
b) On expenditure that is allowed on payment basis	528.53		330.65
c) Carry forward losses	1,277.42		728.73
d) Others	<u>588.95</u>		<u>36.29</u>
		2,484.72	1,156.17
<b>Total</b>		<u><u>2,484.72</u></u>	<u><u>1,156.17</u></u>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

SCHEDULE 6

FIXED ASSETS

Description	Gross Block										Depreciation/Amortisation		Rs. in Lacs			
	As at 1st January, 2007	Transfer of assets as per Scheme of Arrangement	Additions on inclusion of subsidiary	Additions during the year	Foreign Exchange Adjustment	Deductions during the year	As at 31st December, 2007	Upto 31st December, 2006	Transfer of accumulated depreciation as per Scheme of Arrangement	On account of inclusion of subsidiary	Provided for the year	Adjustments on disposals	Foreign Exchange Adjustment	As at 31st December, 2007	Net Block As at 31st December, 2007	As at 31st Decemr, 2006
<b>TANGIBLE:</b>																
Land and Freehold	1,685.68	-	-	123.84	(26.58)	-	1,782.94	-	-	-	-	-	-	1,782.94	1,685.68	
Land and Leasehold	35.20	-	-	-	(0.30)	-	34.90	7.60	-	-	-	-	9.06	18.24	35.20	
Buildings-Freehold	2,133.07	-	-	202.62	(82.20)	9.47	2,244.02	628.90	-	-	67.17	9.29	29.87	1,827.37	2,133.07	
Plant and Machinery	5,798.83	-	80.12	705.59	(63.92)	45.15	6,475.47	3,878.23	-	4.70	385.48	45.15	(61.00)	4,162.26	5,798.83	
Furniture and Fixtures	946.08	-	3.67	277.64	(17.42)	61.40	1,148.57	760.70	-	0.23	70.31	48.03	51.38	836.59	946.08	
Motor Vehicles	1,102.82	-	-	110.77	(3.17)	157.76	1,052.66	770.30	-	-	152.26	140.19	(92.09)	311.98	1,102.82	
<b>INTANGIBLE:</b>																
Goodwill*	33,143.29	-	-	3,723.41	0.01	-	36,866.71	-	-	-	-	-	-	36,866.71	33,143.29	
Technical Knowhow	1,190.40	-	-	-	7.97	-	1,198.37	644.23	-	-	67.67	-	7.97	478.50	1,190.40	
Technology/Licence Fees	32.00	-	-	-	-	-	32.00	5.33	-	-	6.40	-	-	20.27	32.00	
Intellectual Property Rights	-	-	-	7,193.96	-	-	7,193.96	-	-	-	511.90	-	-	6,682.06	-	
Term Plasm	-	-	-	731.76	-	-	731.76	-	-	-	14.88	-	-	716.88	-	
Project Sumsat	-	-	-	743.58	-	-	743.58	-	-	-	6.20	-	-	737.38	-	
<b>Total</b>	<b>46,067.37</b>	<b>40.70</b>	<b>83.79</b>	<b>13,813.17</b>	<b>(185.61)</b>	<b>273.78</b>	<b>59,504.94</b>	<b>6,695.29</b>	<b>-</b>	<b>4.93</b>	<b>1,282.27</b>	<b>240.66</b>	<b>(64.81)</b>	<b>7,887.02</b>	<b>39,372</b>	
Previous Period	44,349.67	-	-	1,613.00	552.90	490.90	46,067.37	5,967.20	0.66	-	864.13	130.60	314.00	5,137.92	39,500	
Initial Work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	401.84	133	
<b>Total</b>														<b>52,219.76</b>	<b>39,500</b>	

\* Goodwill represents the excess of consideration paid towards acquisition of subsidiaries over the net assets acquired, arising on consolidation of such subsidiaries into the company.

**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 7**

**INVESTMENTS**

(Rs. in lacs)	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
<b>Unquoted Other than trade</b>		
<b>A. Long-Term - At cost</b>		
a) Government Securities		
6 year National Savings Certificate	0.41	0.41
b) Indira Vikas Patra	0.11	0.10
c) Equity shares of Old Irrigation Co-operative	0.40	-
d) Equity shares of East Kimberly Co-operative	0.28	-
e) Equity shares of Western Australian Co-operative	-	73.55
	1.20	74.06
Less: Provision for diminution in value of investments	0.68	73.55
	0.52	0.51
<b>B. Other Investments</b>		
500 Bonds of Rural Electrification Corporation of Rs. 10,000 /- each	50.00	-
<b>Total</b>	<b>50.52</b>	<b>0.51</b>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 8**

**INVENTORIES**

	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
a) Stores and Spares and Consumables*	238.33	197.00
b) Packing Materials*	448.77	328.80
c) Raw Materials*	548.23	442.54
d) Work - in - Process**	1,270.28	1,197.94
e) Finished Goods**	12,276.44	6,535.49
<b>Total</b>	<b>14,782.05</b>	<b>8,701.77</b>

\* at cost or below

\*\* at cost or net realisable value whichever is lower.

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 9**

**SUNDRY DEBTORS**

	(Rs. in lacs)	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
<b>SECURED</b>			
Considered good		213.38	7.76
<b>UNSECURED</b>			
Considered good	13,654.34		3,758.43
Considered doubtful	289.35		252.70
		<u>13,943.69</u>	<u>4,011.13</u>
		14,157.07	4,018.89
Less: Provision for Doubtful Debts		289.35	252.70
<b>Total</b>		<u><u>13,867.72</u></u>	<u><u>3,766.19</u></u>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 10**

**CASH AND BANK BALANCES**

	(Rs. in lacs)	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
1. Cash and Cheques on hand		25.29	14.91
2. Bank Balances in India			
With Scheduled Banks			
a) On Current Accounts	452.67		792.70
b) On Cash Credit Account	-		579.39
c) On Deposit Accounts	1,348.19		10.70
d) Cheques on hand	-		3,333.00
		1,800.86	4,715.79
3. Bank Balances Outside India			
a) On Current Accounts	1,585.54		7,373.15
b) On Deposit Accounts	2,214.02		474.32
		3,799.56	7,847.47
<b>Total</b>		<b>5,625.71</b>	<b>12,578.17</b>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 11**

**OTHER CURRENT ASSETS**

	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
(Unsecured, Considered good)		
Interest on loans and deposits	20.90	-
Other Current Assets	709.29	388.83
<b>Total</b>	<b>730.19</b>	<b>388.83</b>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 12**

**LOANS AND ADVANCES**

	(Rs. in lacs)	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
(Unsecured, Considered good, unless otherwise stated)			
<b>Loans</b>			
Loans to others	7,318.30		-
Loans to Employees	<u>20.70</u>		<u>42.20</u>
		7,339.00	42.20
<b>Advances</b>			
Advances Recoverable in cash or in kind or for value to be received			
Considered good	825.48		814.73
Considered doubtful	<u>42.04</u>		<u>11.20</u>
	867.52		825.93
Less: Provision for doubtful advances	<u>42.04</u>		<u>11.20</u>
		825.48	814.73
Deposits with Government, Public Bodies etc;		299.87	408.40
Payment of Taxes less Provisions		-	368.77
<b>Total</b>		<u><u>8,464.35</u></u>	<u><u>1,634.10</u></u>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 13**

**CURRENT LIABILITIES AND PROVISIONS**

	As at 31st December, 2007 (Rs. in lacs)	As at 31st December, 2006 (Rs. in lacs)
<b>a. Liabilities</b>		
Sundry Creditors	5,201.09	4,676.67
Advances from customers	598.94	317.46
Security Deposits	218.12	127.95
Interest accrued but not due on Loans	1,906.63	962.80
Other Liabilities	7,464.12	1,454.15
<b>Total</b>	<b>15,388.90</b>	<b>7,539.03</b>
<b>b. Provisions</b>		
For Employee Benefits	1,321.35	700.80
For Litigations	2,402.22	2,660.00
Provisions for Taxes less Payments	659.34	-
Proposed Dividend	168.35	168.35
Dividend Distribution Tax	28.61	28.61
<b>Total</b>	<b>4,579.87</b>	<b>3,557.76</b>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 14**

**INCOME FROM OPERATIONS**

	<b>Current Year (Rs. in lacs)</b>	<b>Previous Period (Rs. in lacs)</b>
a) Business Development Fees	500.00	150.00
b) Sale of Remnants	99.54	-
c) Royalty Received	1,128.32	358.96
d) Commission on Sales	150.25	-
e) Provisions written back	5.83	3.64
f) Bad debts written back	45.08	-
g) Other Business Income	281.04	-
	<b><u>2,210.06</u></b>	<b><u>512.60</u></b>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 15**

**OTHER INCOME**

	<b>Current Year (Rs. in lacs)</b>	<b>Previous Period (Rs. in lacs)</b>
a) Interest on loans and deposits etc.	1,896.26	576.94
b) Income from current investments (gross)	20.06	6.15
c) Profit on sale of investments (net)	156.82	-
d) Profit/(Loss) on fixed assets sold/ discarded (net)	48.94	28.77
e) Gain/(Loss) on exchange fluctuations (net)	798.32	314.38
f) Miscellaneous Income	138.92	390.65
<b>Total</b>	<b>3,059.32</b>	<b>1,316.89</b>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 16**

**INCREASE IN STOCK**

	(Rs. in lacs)	Current Year (Rs. in lacs)	Previous Period (Rs. in lacs)
a) Opening Stock			
i) Work-in-process	1,629.66		1,220.87
ii) Finished goods	<u>6,255.43</u>		<u>4,708.56</u>
		7,885.09	5,929.43
b) Closing Stock			
i) Work-in-process	1,270.20		1,458.49
ii) Finished goods	<u>12,445.43</u>		<u>6,160.97</u>
		13,715.63	7,619.46
		<u><u>5,830.54</u></u>	<u><u>1,690.03</u></u>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 17**

**PRODUCTION, SELLING AND OTHER EXPENSES**

	(Rs. in lacs)	Current Year (Rs. in lacs)	Previous Period (Rs. in lacs)
a) Salaries, wages and bonus	6,127.35		3,988.13
b) Contribution to provident and other funds	515.99		268.65
c) Workmen and staff welfare expenses	<u>191.94</u>		<u>89.55</u>
		6,835.28	4,346.33
d) Cost of Inputs, Procurement and processing charges		19,234.51	12,178.42
e) Freight inward		1,250.03	981.84
f) Power and fuel		293.01	201.83
g) Repairs			
- Buildings		27.88	29.63
- Machinery		190.79	98.87
- Others		40.78	49.72
h) Rent **		1,642.08	764.58
i) Rates and taxes		157.88	112.11
j) Insurance		217.18	144.56
k) Commission		1,116.60	923.22
l) Packing, freight and transport		392.83	242.22
m) Travelling and conveyance		2,024.56	920.19
n) Postage, telephones and telex		278.32	156.84
o) Printing and stationery		76.72	104.97
p) Sales promotion		1,238.33	921.05
q) Royalty		258.93	180.02
r) Production and farm expenses		168.33	126.96
s) Provision for bad and doubtful debts		77.98	45.22
t) Provision for stock damages		244.10	181.27
u) Provision for litigation		26.64	54.91
v) Consignee agents' expenses		124.45	64.24
w) Legal and consultancy charges		666.63	611.63
x) Loss on sale of Fixed Assets (Net)		7.90	-
y) Miscellaneous expenses		3,474.66	1,813.01
<b>Total</b>		<u><b>40,066.40</b></u>	<u><b>25,253.64</b></u>

\*\* Rent includes lease rentals of Rs. 902.90 lacs (Previous Period : Rs.453.22 lacs)

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 18**

**INTEREST AND OTHER FINANCIAL CHARGES**

	<b>Current Year (Rs. in lacs)</b>	<b>Previous Period (Rs. in lacs)</b>
a) Interest on Loans	3,584.06	2,259.76
b) Bank charges	90.70	89.00
c) Cash and Advance Booking Discounts	403.87	258.92
<b>Total</b>	<b>4,078.63</b>	<b>2,607.68</b>

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND**  
**THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 19**  
**NOTES TO CONSOLIDATED ACCOUNTS**

**1. DESCRIPTION OF BUSINESS**

Advanta India Limited ('the Holding Company') and certain of its subsidiaries are principally engaged in research, development, production, distribution and marketing of hybrid agricultural field crop seeds and plant seeds for agricultural use. Certain other subsidiaries are predominantly holding companies with investments in the companies engaged in development of hybrid seeds. Advanta India Limited and its subsidiaries are hereinafter collectively referred to as 'the Group'.

**2. PRINCIPLES OF CONSOLIDATION**

- (a) The Consolidated Financial Statements include accounts of Advanta India Limited ('the Holding Company') and its subsidiaries. Subsidiaries are those companies in which Advanta India Limited, directly or indirectly, has an interest of more than one half of voting power or otherwise has power to exercise control over the composition of the Board of Directors. Subsidiaries are consolidated from the date on which effective control is transferred to the Group to the date such control exists.
- (b) The subsidiaries of the Holding Company considered in the consolidated financial information are as given below:

Sr. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of group holding as at December 31, 2007
1	Advanta Holdings BV	Subsidiary	Netherlands	100%
2	Advanta Netherlands Holdings BV	Subsidiary	Netherlands	100%
3	Advanta Finance BV	Subsidiary	Netherlands	100%
4	Advanta International BV	Subsidiary	Netherlands	100%
5	Pacific Seeds Holdings (Thai) Ltd.	Subsidiary	Thailand	100%
6	Advanta Semillas SAIC	Subsidiary	Argentina	100%
7	Pacific Seeds Pty Ltd.	Subsidiary	Australia	100%
8	Pacific Seeds (Thai) Ltd.	Subsidiary	Thailand	100%
9	Longreach Plant Breeders Management Pty Limited	Subsidiary	Australia	70%
10	Advanta Seed International	Subsidiary	Mauritius	100%

**Notes:**

- i) The ownership interest as given above has been calculated based on the effective interest of Advanta India Limited in the various subsidiaries including the investments made by its subsidiaries.
- ii) Pacific Seeds (Thai) Ltd. and Pacific Seeds Pty Ltd. are wholly owned subsidiaries of Pacific Seeds Holdings (Thai) Ltd. and Advanta Finance B.V. respectively as at 31<sup>st</sup> December, 2007.
- iii) Advanta Semillas SAIC is 90% held by Advanta International B.V. and 10% held by Advanta Netherlands Holdings B.V. as at 31<sup>st</sup> December, 2007.

**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND**  
**THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

- iv) Advanta Finance B.V., Advanta International BV and Pacific Seeds Holdings (Thai) Ltd. are wholly owned subsidiaries of Advanta Netherlands Holdings B.V. as at 31<sup>st</sup> December, 2007.
  - v) Advanta Netherlands Holdings B.V. wholly owned subsidiary of Advanta Holdings B.V. as at 31<sup>st</sup> December, 2007.
  - vi) Advanta Holdings B.V. wholly owned subsidiary of Advanta India Limited as at 31<sup>st</sup> December, 2007. Advanta Seed International is wholly owned subsidiary of Advanta India Limited from 25<sup>th</sup> July 2007.
  - vii) Longreach Plant Breeders Management Pty Limited is 70% held by Pacific Seeds Pty Ltd from 3<sup>rd</sup> November 2007.
- (c) The Consolidated Financial Statements have been prepared in accordance with historical cost convention and Accounting Standard 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- (d) The Consolidated Financial Statements have been prepared on the following basis:
- i) All the subsidiaries of the Holding Company are incorporated outside India. The activities of the subsidiaries are not an integral part of those of the Holding Company and hence, these have been considered to be Non-Integral operations in terms of Accounting Standard 11 - 'The Effects of Changes in Foreign Exchange Rates' issued by the Institute of Chartered Accountants of India. Consequently, the assets and liabilities, both monetary and non-monetary, of such subsidiaries have been translated at the closing rates of exchange of the respective currencies as at 31<sup>st</sup> December, 2007.
  - ii) All inter company transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated.
  - iii) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Holding Company's separate financial statements.
  - iv) The financial statements of the subsidiaries used for the purpose of consolidation are drawn upto the same reporting date as that of the Holding Company i.e. 31<sup>st</sup> December, 2007.

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND**  
**THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Accounting Assumptions**

The Consolidated Financial Statements have been prepared on accrual basis as a going concern on historical cost convention to comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

**(b) Revenue Recognition**

The Group records sales when goods are despatched in accordance with the terms of the agreements.

In case of subsidiaries engaged in development of hybrid seeds, revenue earned (net of returns) is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from maintenance contracts are recognised pro-rata over the period of the contract as and when services are rendered.

In case of companies engaged in investing activities, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**(c) 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.

**(d) Government Grants**

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

**(e) Fixed Assets**

Fixed assets including computers and related assets are accounted for at cost of acquisition, which is inclusive of inward freight, duties and taxes and incidentals related to acquisitions. Assets under installation or under construction as at Balance Sheet date are shown as Capital Work-in-progress.

All the fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment loss (being the excess of carrying value over the recoverable value of the asset) is charged to the profit and loss account in the respective financial year. The impairment

**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND**  
**THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

loss recognised in the prior years is reversed where the recoverable value exceeds the carrying value of the asset upon re-assessment in the subsequent years.

**(f) Intangible Assets**

Intangible assets are stated at cost less accumulated amortisation and impairment, if any.

**(g) Depreciation and Amortisation**

i) Depreciation

In case of the Holding Company, depreciation on building and plant and machinery is provided for in the accounts on straight line method in accordance with the rates prescribed in Schedule XIV of the Indian Companies Act, 1956. Technical Know-how is amortised in equal installments over its useful life. Improvements to Leasehold property are depreciated over the period of the lease. Other assets are depreciated on straight line method based on estimated useful life of such assets and these rates are higher than the rates prescribed in Schedule XIV of the Indian Companies Act, 1956.

The estimated useful lives of these assets are as under:

Asset class	Estimated useful lives in years
Furniture and Fixtures	10
Computers	5
Motor Vehicles	5
Office Equipments	10

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

Asset class	Estimated useful lives in years
Buildings	20-50
Plant and Machinery	5 – 10
Computers	3 – 5
Furniture and Fixtures	5 – 10
Motor Vehicles	3 – 5
Office Equipments	5 – 10

ii) Amortisation:

Intangible assets are amortised on straight line basis over their useful life, subject to a maximum period of ten years.

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND**  
**THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

**(h) Goodwill**

Goodwill represents excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made. The goodwill is reviewed for impairment whenever events or changes in business circumstances indicate the carrying amount of assets may not be fully recoverable. If impairment is indicated, the goodwill is written down to its fair value.

**(i) Investments**

Long-term investments are stated at cost, less any provision for permanent diminution in value. Current investments are stated at lower of cost and fair value. Income from investments is recognised in the accounts in the year in which it is declared and stated at gross values.

**(j) Inventories**

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

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

**(k) Foreign Currency Transactions**

All transactions in foreign currency are accounted for at the exchange rate prevailing on the date of the transaction. Gain/Loss arising out of fluctuations in exchange rates are accounted for on subsequent realisation/payment. Current Assets and Current Liabilities are translated at the exchange rate prevailing on the Balance Sheet date and the resultant gain/losses are recognised in the Profit and Loss Account.

*Foreign Subsidiaries*

All subsidiaries of the Company are in the nature of non-integral operations in terms of Accounting Standard 11, "The effects of change in foreign currency rates", issued by the Institute of Chartered Accountants of India. All monetary and non-monetary assets and liabilities are translated at the rate

**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND**  
**THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

prevailing on the balance sheet date. All revenue and expense transactions during the year are reported at average rate. The resultant translation adjustment is reflected as a separate component of Shareholders' Funds as a 'Foreign Currency Translation Reserve'.

**(l) Research and Development**

Research and Development expenditure is charged to revenue in the year in which it is incurred.

In case of subsidiaries involved in development of hybrid seeds, development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

**(m) Retirement Benefits**

- a. Provident Fund is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the profit and loss account in the year when the contributions to the funds are due.
- b. Superannuation Fund is a defined contribution scheme and contributions to the scheme are charged to the profit and loss account in the year when the contributions are due. The scheme is funded with an insurance company in the form of a qualifying insurance policy.
- c. i) The Holding Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Holding Company. The aforesaid liability is provided for on the basis of an actuarial valuation made at the end of the financial year. The scheme is funded with an insurance company in the form of a qualifying insurance policy.  
ii) In case of Pacific Seeds (Thai) Limited, retirement benefit in the form of Provident Fund is a defined contribution scheme and 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 contributions payable to the respective trusts. Gratuity liability is defined benefit obligations and are provided for on the basis of project unit credit method of actuarial valuation made at the end of each financial year.
- d. The Company has other long term employee benefit for leave encashment. The liability in respect of leave encashment is provided for on the basis of actuarial valuation made at the end of the financial year. The aforesaid leave encashment is not funded.
- e. Actuarial gains / losses are recognised immediately to the profit and loss account.

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND**  
**THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

**(n) Derivative Instruments**

Certain subsidiaries use derivative financial instruments such as forward exchange contracts to hedge their risks associated with foreign currency fluctuations. The premium on discount arising at the inception of forward exchange contracts is amortised as income or expense over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit/loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**(o) Taxes on Income**

Current tax is determined based on the amount of tax payable in respect of taxable income for the year as per the laws of the respective countries. Deferred tax is recognised on timing differences; being the difference between the taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are computed on the timing differences applying the enacted or substantively enacted tax rate. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**(p) Earning Per Share**

Basic Earning per Share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The number of shares used in computing Diluted Earnings per Share is the aggregate of the weighted average number of shares outstanding and the weighted average number of equity shares, which would be issued on the conversion of all the dilutive potential equity shares into equity shares.

**4. Contingent Liabilities**

- i) Income tax matters of the Holding Company under dispute**
  - a) Pending with authorities at various levels - Rs.1,366.21 lacs (Previous Period : Rs. 958.18 lacs); and
  - b) Estimated liability on the basis of past assessments in respect of pending assessment year - Rs. 339.45 lacs (Previous Period Rs.386.75 lacs)
- ii) Claims against the Company not acknowledged as debts Rs.122.12 lacs (Previous Period : Rs. 62.39 lacs)**
- iii) Guarantee given by Company's Banker on behalf of the Company to third parties Rs. 801.73 lacs (Previous Period: Rs. Nil).**
- iv) Claims against Advanta Semillas, Argentina not acknowledged as debts - Rs.20,508.8 lacs (US \$ 52,000,000) [Previous Period : Rs. 22,942.40 lacs (US \$ 52,000,000)]. This pertains to two litigations**

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND**  
**THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

against Advanta Semillas SAIC of compensation for damages for breach of contract. These cases will be settled simultaneously as they have been considered interrelated cases by intervening court. The company has provided an amount of Rs. 2,402.22 lacs (Previous Period : Rs. 2,660.00 lacs) as at 31<sup>st</sup> December, 2007 against these litigations (included in Schedule 13) based on the opinion from legal counsel, as the best estimate of the amount payable by the Company.

However, by way of an agreement entered into with a third party, Advanta Netherlands Holdings B.V. (ANH) has a counter claim receivable in respect of the aforesaid litigations. During the current period, Advanta Semillas SAIC, Argentina has provided an amount of USD (000) 63.769 (Rs.25.13 lacs) towards the aforesaid litigation and ANH has recognised EURO (000) 45.00 (Rs.26.10 lacs) as amount recoverable from the third party in respect of the aforesaid litigation.

Accordingly, for the purpose of consolidated financial statements, the said contingency liability no longer remains.

- v) In case of Pacific Seeds Pty Ltd., Australia, the aggregate maximum amount payable to growers providing expected seed quality - Rs.3,518.58 lacs (Previous Period : Rs. 4,729.30 lacs).

**5. Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) – Rs.724.22 lacs (Previous Period : Rs.177.40 lacs).

6. Capital Reserve represents State Investment subsidy sanctioned by the Government of Andhra Pradesh, for setting up of a unit at Toopran Mandal, Andhra Pradesh under Target 2000 Scheme of the State Government.
7. The Holding Company has extended security to Export Import Bank of India (the Bank) in respect of a loan aggregating US \$ 36,000,000, granted by the Bank to Advanta Holdings B.V., Netherlands.

The aforesaid loan is secured by the Holding Company by creation of a first charge by way of hypothecation of movable assets, including receivables, both present and future and an appropriate charge over its Intellectual Property Rights, present and future and a first mortgage by deposit of title deeds in respect of its land and other immovable properties in favour of the Bank and is to be secured by pledge of the equity shares of the wholly owned subsidiary held by the Holding Company.

8. The Holding Company has made an Initial Public Offer (IPO) for subscription of equity shares for public in the month of March, 2007 and allotted 33,80,000 equity shares of Rs. 10 each on 13<sup>th</sup> April, 2007. The Holding Company has also allotted 16,77,000 equity shares of Rs. 10 each on 23<sup>rd</sup> February, 2007 to certain investors as part of pre IPO placement. The Holding Company has incurred expenses amounting to Rs.2,200.18 lacs towards the aforesaid IPO which has been adjusted against the securities premium account in the Consolidated Financial Statements.
9. In the case of Pacific Seeds Pty Ltd., Australia, the raw materials, components, stores and spares and packing materials are valued on a standard cost basis. These standards are reviewed regularly and adjusted for significant variances and cost is determined on weighted average basis. The other companies of the

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND**  
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**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

group value the raw materials, components, stores and spares and packing materials at lower of cost or net realisable value. The management considers it impracticable to use a uniform accounting policy for the valuation and to quantify the impact of the difference between such accounting policies. As at 31<sup>st</sup> December, 2007, of the total value of raw materials, components, stores and spares and packing materials of Rs.1,235.30 lacs (Previous Period : Rs. 968.34 lacs), inventories amounting to Rs.402.01 lacs (Previous Year : Rs. 339.28 lacs) have been valued on standard cost basis.

10. During the period from 10<sup>th</sup> July, 2006, the remuneration to the existing Managing Director has exceeded the limit prescribed under the Companies Act, 1956. The Company has filed an application with the Central Government for approval of the remuneration to be paid to the Managing Director in excess of the limits prescribed by the Companies Act 1956.
11. During the year, the Holding Company has acquired the business of Golden Seeds Private Limited effective from 1<sup>st</sup> April, 2007 for an amount of Rs.6,010.00 lacs excluding the value of the inventory and receivables. As per the agreement, the aforesaid amount of Rs.6,010.00 lacs comprises of an amount of Rs.130.46 lacs in respect of Germ Plasm, an amount of Rs.379.54 lacs in respect of Fixed Assets and Rs.5,500.00 lacs in respect of other Intellectual Property Rights ("IPR's"), as defined in the said agreement, including Goodwill. The Company has capitalised the aforesaid amount aggregating to Rs. 5,500.00 lacs as Intangible Assets comprising Intellectual Property Rights, without ascertaining the individual values of the various Intangible Assets and Goodwill.
12. The Holding Company has adopted Accounting Standard (AS) - 15 'Employee Benefits' (Revised 2005) issued by the Institute of Chartered Accountants of India, with effect from 1st January, 2007. Consequent upon its adoption, in accordance with the transitional provisions contained in the Accounting Standard, the net difference of Rs.19.18 lacs (as adjusted for deferred tax of Rs.9.87 lacs) between the liability in respect of gratuity and other employee benefits existing on the date of adoption and the liability that would have been recognised at the same date under the previous Accounting Standard, has been adjusted against the opening balance of General Reserve.
13. **Consolidated Earning Per Share**

**(A) Basic Earning Per Share:**

Particulars	Year ended 31 <sup>st</sup> December, 2007 Rs. in Lacs	Period ended 31 <sup>st</sup> December, 2006 Rs. in Lacs
Profit after taxation	4,456.11	4,839.69
Add / (Less): Minority Interest	81.92	-
Add / (Less): Prior Period Adjustments	(92.79)	95.36
Net Profit attributable to equity shareholders	4,445.24	4,935.05
Weighted Average Number of Equity Shares outstanding	15,646,442	10,716,045
Nominal value of equity shares – Rs.	10.00	10.00
Basic Earning per share - (Rs. per share):		
Earning including Exceptional Income	28.41	46.05
Earning after excluding Exceptional Income (net of tax)	28.41	29.03

**ADVANTA INDIA LIMITED**  
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**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

**(B) Diluted Earning Per Share:**

Particulars	Year ended 31 <sup>st</sup> December, 2007 Rs. in Lacs	Period ended 31 <sup>st</sup> December, 2006 Rs. in Lacs
Profit after taxation	4,456.11	4,839.69
Add / (Less): Minority Interest	81.92	-
Add / (Less): Prior Period Adjustments	(92.79)	95.36
Net Profit attributable to equity shareholders	4,445.24	4,935.05
Weighted Average Number of Equity Shares outstanding	15,646,442	10,716,045
Dilutive impact of employee stock options	134,405	50,341
Weighted Average Number of Equity Shares for computing diluted earning per share	15,780,847	10,766,386
Nominal value of equity shares – Rs.	10.00	10.00
Diluted Earning per share - (Rs. per share):		
Earning including Exceptional Income	28.17	45.94
Earning after excluding Exceptional Income (net of tax)	28.17	29.00

**14. Employees Stock Option Plan (ESOP)**

The Holding Company instituted an Employees Stock Option Scheme (“ESOPS”) for certain employees as approved by the shareholders on 20<sup>th</sup> September, 2006. In accordance with the scheme, the Holding Company granted options in respect of 134,405 equity shares to employees of the Holding Company and its subsidiaries on one to one basis at an exercise price of Rs.285/- being the market price as per the valuation report dated 27<sup>th</sup> September, 2006 of S.R. Divatia & Co. Chartered Accountants on the date of grant. The options were granted with a vesting period spread over 4 years and 6 months. Out of the total options granted, vesting of 50% of the options granted is conditional upon the Holding Company meeting annual performance benchmarks based on parameters set by the Remuneration Committee.

As the intrinsic value (difference between Market price and Exercise price) on the date of the grant was nil, no compensation cost has been recognised in the financial statement. Further, none of the options are vested till the date of the Balance Sheet.

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**ADVANTA INDIA LIMITED**  
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**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

**15. Leases**

The Group has entered into various operating and finance Lease agreements. The minimum lease rents payable from the date of the Balance Sheet date in respect of certain subsidiaries on operating and finance leases are as follows:

Particulars		As at 31 <sup>st</sup> December, 2007 Rs. in Lacs	As at 31 <sup>st</sup> December, 2006 Rs. in Lacs
<b>(a)</b>	<b>Obligations in case of operating leases:</b>		
	Not later than one year	772.44	556.30
	Later than one year and not later than five years	1,032.60	1,077.50
<b>(b)</b>	<b>Obligations in case of finance leases:</b>		
	Not later than one year	27.07	24.60
	Later than one year and not later than five years	45.63	50.80

**16. Derivative instruments and un-hedged foreign currency exposure**

**a) Forward contracts outstanding as at the Balance Sheet date**

Nature of contract	Purpose	As at 31 <sup>st</sup> December, 2007 Amount in Lacs	As at 31 <sup>st</sup> December, 2006 Amount in Lacs
Buy	Hedge of expected future purchase	USD 1.49 AUD 49.52	USD 5.90 AUD 4.10
Sell	Hedge of expected future sales	USD 6.77	USD 2.10
Sell	Hedge of expected future sales	AUD 46.73	AUD 4.00

**b) Particulars of un-hedged foreign currency exposure**

Purpose	As at 31 <sup>st</sup> December, 2007 Amount in Lacs	As at 31 <sup>st</sup> December, 2006 Amount in Lacs
Loan	- EURO 136.20	USD 190.00 EURO 136.20
Accrued interest	EURO 21.44 -	EURO 10.40 USD 0.20
Accrued expenses	EURO 0.60 - AUD 0.42 THB 9.92	EURO 3.50 USD 0.70 AUD 1.50 THB 12.70

**c) Particulars of un-hedged interest rate risk exposure as at 31st December, 2007**

On Loan of Euro 136.20 lacs which carries interest rate of LIBOR + 2.5% p.a.

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**ADVANTA INDIA LIMITED**  
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**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

**d) Commodity futures**

USD 1.46 lacs (Previous Period : 0.91 lacs) for the hybrid sorghum seeds production for next year sales

**17. Provisions**

Particulars	Litigations	
	Year ended 31 <sup>st</sup> December, 2007 Rs. in Lacs	Period ended 31 <sup>st</sup> December, 2007 Rs. in Lacs
Opening Balance	2,377.93	2,912.10
Additions during the period	25.15	54.90
Amounts used during the period	(0.86)	(307.00)
Unused amounts reversed during the period	-	-
Closing Balance	<b>2,402.22</b>	<b>2,660.00</b>

**18. Segment Information**

Segment information has not been given as the management is of the view that the said information would be prejudicial to the interest of the group.

**19. Related Party Transactions**

**I. Nature of relationship**

**A. Enterprises having significant control**

S. No.	Name of the Company
1	Bio-win Corporation Limited (BWC), Mauritius
2	United Phosphorus Limited (UPL)
3	United Phosphorus Limited Gibraltar (UPLG)

**B. Enterprises over which the enterprise or key management personnel and their relatives have significant influence:**

Sl. No	Name of the Company
1	Bloom Packaging Pvt. Ltd. (BPPL)
2	Uniphos Enterprises Limited (UEL)
3.	Nerka Chemicals Pvt. Ltd. (NCPL)
4.	Jai Research Foundation (JRF)

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**ADVANTA INDIA LIMITED**  
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**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

*C. Key Management Personnel and their relatives*

Mr. Ram V Kaundinya (Managing Director)

**II. Transactions during the year**

Particulars	Current Year Rs. in Lacs	Previous Period Rs. in Lacs
<b>i) Sales of Goods / Services</b>		
Enterprises over which the enterprise or the key management personnel and their relatives have significant influence – BPPL	-	1.80
Enterprises having significant control :		
UPL	500.00	150.00
UPLG	715.38	-
<b>ii) Purchases of Goods</b>		
Enterprises having significant control – UPL	8.45	57.40
Enterprises over which the enterprise or the key management personnel and their relatives have significant influence :		
BPPL	-	42.90
JRF	10.00	-
<b>iii) Purchases of Services</b>		
Enterprises over which the enterprise or the key management personnel and their relatives have significant influence – BPPL	-	6.70
<b>iv) Purchases of Intangible Assets</b>		
Enterprises having significant control - UPLG	523.49	-
<b>v) Expenses reimbursed to</b>		
Enterprises having significant control – UPL	57.70	25.30
Enterprises over which the enterprise or the key management personnel and their relatives have significant influence		
JRF	14.25	30.00
UEL	6.79	-

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**ADVANTA INDIA LIMITED**  
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**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

Particulars	Current Year Rs. in Lacs	Previous Period Rs. in Lacs
<b>vi) Expenses incurred for</b>		
Enterprises having significant control		
UPL	153.86	-
UPLG	116.33	-
<b>vii) Sale of Fixed Assets</b>		
Enterprises over which the enterprise or the key management personnel and their relatives have significant influence – UEL	-	2,650.00
<b>viii) Loan given to</b>		
Enterprises having significant control - BWC	21,212.61	-
Enterprises over which the enterprise or the key management personnel and their relatives have significant influence – JRF	93.26	-
<b>ix) Loan received / returned from</b>		
Enterprises having significant control :		
UPL	1,150.00	3,250.00
BWC	21,550.45	10,140.80
Enterprises over which the enterprise or the key management personnel and their relatives have significant influence – NCPL	-	10.00
<b>x) Loan repaid to</b>		
Enterprises having significant control - BWC	1,106.44	13,719.80
<b>xi) Advance Given</b>		
Enterprises over which the enterprise or the key management personnel and their relatives have significant influence – UEL	-	99.00
<b>xii) Interest paid to</b>		
Enterprises having significant control :		
UPL	20.77	117.50
BWC	1,391.77	1,243.10
UPLG	107.50	-

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**ADVANTA INDIA LIMITED**  
**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND**  
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**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

Particulars	Current Year Rs. in Lacs	Previous Period Rs. in Lacs
<b>xiii) Interest Received from</b> Enterprises having significant control - BWC	1,353.98	259.00
<b>xiv) Commission Received from</b> Enterprises having significant control – UPL	150.25	-
<b>xv) Remuneration</b> Key Management Personnel	105.02	114.50
<b>xvi) Rent paid</b> Relative to Key Management Personnel Enterprises over which the enterprise or the key management personnel and their relatives have significant influence – UEL	-	2.10
<b>xvii) Outstanding balances as at the year end</b>		
a) Creditors/Payables		
UPL	176.97	144.20
BWC	1,358.86	53.10
BPPL	-	16.90
UPLG	522.72	-
Key Management Personnel	-	1.00
b) Receivables		
BPPL	-	2.20
UPL	982.73	185.80
BWC	379.45	-
JRF	79.00	-
UPLG	831.27	-
c) Loan Received		
BWC	23,241.13	24,887.20
UPL	1000.00	450.00
NCPL	-	10.00
d) Loans and Advances given		
UEL	69.57	12.60
BWC	21,409.89	-

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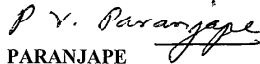
**SCHEDULE 19 (CONT'D.)**  
**NOTES TO CONSOLIDATED ACCOUNTS**

20. The Holding Company had adopted calendar year as its accounting year and had accordingly prepared the consolidated financial statements for a period of nine months ending on 31<sup>st</sup> December, 2006. In view of the above, the current year's figures are not comparable with those of the previous period.
21. Previous period's figures have been regrouped/ rearranged wherever necessary to conform to the classification adopted for the current year.


**SIGNATURE TO SCHEDULES 1 TO 19**

As per our attached Report of the even date

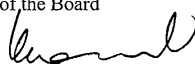
For **S. V. GHATALIA & ASSOCIATES**  
Chartered Accountants

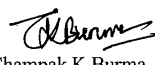
  
**P. V. PARANJAPE**  
Partner

Mumbai  
31<sup>st</sup> March, 2008

On behalf of the Board  
  
**Vikram R Shroff**  
Director

  
**Manoj Gupta**  
Chief Financial Officer

  
**Ram V Kaundinya**  
Managing Director

  
**Champak K Burma**  
Company  
Secretary

Mumbai  
31<sup>st</sup> March, 2008