

## 36TH ANNUAL REPORT 2011-12

### CHAIRMAN

Shri R. K. Tripathy, IAS

02-03- 2010

### MANAGING DIRECTOR

Shri U.D. Singh, IFS

01-01-2011

### DIRECTORS

Shri S.P. Sisodiya, IFS

05-08-2010

Shri R.N. Ninama

15-11-2008

Dr. S.R. Chaudhari

17-02-2007 to 17-04-2012

Dr. B.R. Shah

18-11-2009

Shri N.C. Patel

01-08-2009

Shri B.S. Patel

17-04-2012

Shri S. Selvaraj

18-08-1999

### COMPANY SECRETARY

Shri K.M. Raval

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### BANKERS

Punjab National Bank  
State Bank of India

### AUDITORS

Chandabhoy & Jassoobhoy  
Chartered Accountants  
Ahmedabad

### REGISTERED OFFICE

"BEEJ BHAVAN", Sector No. 10-A,  
Gandhinagar -382010

## DIRECTORS' REPORT

To,  
The Members,

The directors have pleasure in presenting the 36<sup>th</sup> Annual Report together with audited statement of accounts for the year ended 31<sup>st</sup> March 2012.

### SHARE CAPITAL:

The paid up equity share capital as on 31<sup>st</sup> March 2012 stood at Rs.383 lacs out of which Government of Gujarat have contributed Rs.365 lacs and Rs.18 lacs from Government of India. During the year under review, Corporation had received Rs.10 lacs as share capital from Government of Gujarat.

### FINANCIAL RESULTS:

|   | 2011-2012<br>RS.    | 2010-2011<br>RS.    |
|---|---------------------|---------------------|
| Profit before depreciation and taxation           | 30,32,99,236        | 17,83,71,417        |
| Less : Depreciation                               | 29,37,025           | 26,81,495           |
| Profit before taxation & Dividend                 | 30,03,62,211        | 17,56,89,922        |
| Less : Provision for Taxation                     | 10,00,00,000        | 5,85,00,000         |
|   | 20,03,62,211        | 11,71,89,922        |
| Add/ Less : Excess / short provision written back | 0                   | 17,650              |
| Surplus available for appropriation               | 20,03,62,211        | 11,72,07,572        |
| Add : Deferred tax                                | 19,76,233           | 15,65,914           |
| Less : Proposed Dividend                          | 4,33,51,000         | 55,60,480           |
| Less : Tax on Dividend                            | 0                   | 9,23,526            |
| <b>Transfer to General Reserve</b>                | <b>15,89,87,444</b> | <b>11,22,89,480</b> |

### DIVIDEND:

The directors recommended dividend @ 100% on the paid up equity share capital of Rs.373 lacs, on prorata basis for the financial year ended on 31<sup>st</sup> March 2012. The outgoing on this account of paid up capital will be Rs.3,73,00,000/- and Rs.60,51,000/- as tax on dividend. Your directors recommended interim dividend as final dividend.

## **PRODUCTION AND SALE:**

The Corporation is organizing the production programs for more than 31 crops consisting approx 120 varieties of oilseeds, cereals, cash crops, pulses spices etc., on farmers field. The Corporation has produced / procured 279011.48 Qtls. of seeds amounting to Rs.12776.23 lacs during the year under report as against 235739.5 Qtls. of seeds produced / procured amounting to Rs. 10795.88 lacs during the last year. The corporation has sold 258606.59 Qtls. of seeds amounting to Rs.16672.79 lacs during the year as against 228385.22 Qtls. of seeds amounting to Rs. 13922.65 lacs sold during the last year. Corporation has successfully distributed 299615 Kits comprising of Seeds, Fertilizers & Pesticide amounting to Rs. 3125.36 lacs to the Farmers of Gujarat in Krushi Mahostav-2011.

During year under review corporation has got approval of DBT Gol for Producing and marketing BT. Cotton Hybrid seeds (H-6.BT & H-8.BT). Corporation has initially produced few packets of these Hybrids and distributed it free of cost to farmers for getting the feed back. From Year 2012-13 onwards corporation intends to take up production and marketing of these hybrid in a big way.

## **CREATION OF ASSETS UNDER VARIOUS SCHEMES OF CENTRAL GOVERNMENT:**

During the year under review, Rs. 129.80 lacs were capitalized for strengthening of existing godown at Vyara and constuction of new godown at Godhara under Rashtriya Krishi Vikas Yojna.

During the Year under review, Rs.12.06 lacs were capitalized for purchase of Ground Nut Grader Machine under the scheme of Seed Village.

During the Year under review, Rs. 19.09 lacs were capitalized for purchase of Computer and Server under the Scheme of Seed Bank.

## **QUALITY CONTROL:**

GSSC has its own Seed Testing Laboratory at Gandhinagar to facilitate the testing of the seeds samples at a internal quality control mechanism. The quality control staff of the Corporation exercises the quality control measures at the field stage, processing / packing stage and also during storage period in order to ensure that only good quality seeds are supplied to the farmers.

## **MARKETING & PACKING:**

During the period under report, the Corporation has sold seeds of value for Rs.679.78 lacs in out state as against Rs. 454.29 lacs during the previous year.

There is a network of more than 1367 Dealers for distribution of seeds in the State which includes village co-operative societies, Taluka & district co-operative Purchase and Sale Union, Private Agencies etc., besides 26 Distributors in Rajasthan, Madhya Pradesh, Haryana, Maharastra, Bihar & West Bengal.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under Section 217(2AA) of the Companies Act, 1956, (introduced by the Companies (amendment) Act, 2000) your directors certify as follows:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis;

## **EXPLANATION ON AUDITORS REPORTS' QULIFICATION:**

**The notes to the accounts as referred to in the auditors' report are self explanatory and therefore do not call for any further comments and explanation.**

## **BENEFITS:**

The activities of the Corporation in the State has assured the reasonable return to seed growing farmers and availability of quality seeds at reasonable rate to the seed using farmers at all times and through out the state.

## **PARTICULARS OF EMPLOYEES:**

None of the employees of the Corporation is covered under section 217 (2-A) of the Companies, Act 1956 hence no information is provided.

## **INFORMATION PURSUANT TO SECTION 217 (1) (E):**

Information pursuant to section 217(1) (e) of the Companies Act, 1956 read with Companies (disclosure of particulars in the report of the Board of Directors) Rules 1988 for the financial year ended on 31<sup>st</sup> March 2012 are as under:-

|                                      |                       |
|--------------------------------------|-----------------------|
| Conservation of energy:              | <b>NOT APPLICABLE</b> |
| Technology absorption:               | <b>NIL</b>            |
| Foreign exchange earnings and outgo: | <b>NIL</b>            |

## **STAFF WELFARE AND RELATIONS:**

The Corporation has continued to grant House Building, Vehicle and other advances to employees to meet their requirements.

The performance of the Corporation during the year under review was the result of dedicated and sincere efforts of employees at all the levels and very co- ordial relations maintained with staff during the year, progress of Corporation is due to sincere efforts of the employees.

## **DIRECTORS:**

During the period under review, the following directors constituted the Board of Directors of the corporation.

| <b>Sr. No.</b> | <b>Name of Director</b> | <b>Designation</b> | <b>From</b> | <b>To</b>  |
|----------------|-------------------------|--------------------|-------------|------------|
| 1              | Shri R.K.Tripathy, IAS  | Chairman           | 02.03.2010  | Till date  |
| 2              | Shri U.D.Singh, IFS     | Managing Director  | 01.01.2011  | Till date  |
| 3              | Shri S.P.Sisodiya, IFS  | Director           | 05.08.2010  | Till date  |
| 4              | Shri R.N.Ninama         | Director           | 15.11.2008  | Till date  |
| 5              | Shri N.C.Patel          | Director           | 01.08.2009  | Till date  |
| 6              | Dr.B.R.Shah             | Director           | 18.11.2009  | Till date  |
| 7              | Dr.S.R.Chaudhari        | Director           | 17.02.2007  | 17.04.2012 |
| 8              | Shri B. S. Patel        | Director           | 17.04.2012  | Till date  |
| 9              | Shri S.Selvaraj         | Director           | 18.08.1999  | Till date  |

**AUDITORS:**

The accounts of current year have been audited by M/s Chandabhoy & Jassoobhoy, Chartered Accountants, Ahmedabad who were appointed as statutory auditors by the Government of India in consultation with the Comptroller and Auditor General of India.

**ACKNOWLEDGEMENTS:**

Your Directors are grateful to the Government of India, Government of Gujarat, Gujarat Agricultural Universities, Director of Agriculture, Director of Horticulture, Director – Gujarat State Seed Certification Agency, Indian Council of Agricultural Research, Gujarat Agro Industries, National Seeds Corporation, Maharashtra State Seeds Corporation Ltd, Various Co-operative Societies, Dealers, Farmers and contract seed growers and Seed consumers for their whole hearted co-operation and patronage. Your directors have great pleasure in acknowledging the sustained, dedicated and devoted service rendered by all the members of the Corporation through out the year.

On behalf of the Board

*(R. K. Tripathy, IAS)*  
**Chairman**

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Place : **Gandhinagar**  
Date : **16/08/2012**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GUJARAT STATE SEEDS CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2012**

The preparation of financial Statements of Gujarat State Seeds Corporation Limited for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16 August 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Gujarat State Seeds Corporation Limited for the year ended 31 March 2012. This Supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619(4) of the Companies Act, 1956.

**For and on behalf of the  
Comptroller & Auditor General of India**

**(Meera Swarup)  
Accountant General  
(E& RSA), Gujarat**

**Place : Ahmedabad  
Date : 01/11/2012**

**CHANDABHOY & JASSOOBHOY  
CHARTERED ACCOUNTANTS**

**605-607, SILVER OAKS,  
NEAR MAHALAXMI CHAR RASTA  
PALDI,  
AHMEDABAD 380 007  
Telephone Nos. 26586063  
26586069  
Fax : (079) 26586063  
e-mail : cnjabd@vsnl.net**

The Members,

**Gujarat State Seeds Corporation Limited**

#### **AUDITORS' REPORT**

- 1 We have audited the attached Balance Sheet of GUJARAT STATE SEEDS CORPORATION LIMITED as at 31st March, 2012 and the annexed Statement of Profit and Loss and Cash flow Statement of the Corporation for the year ended on the said date. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any 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 presentation of financial statements . We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above, we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law, have been kept by the Corporation so far as appears from our examination of the books.
  - (c) The Balance Sheet and Statement of Profit & Loss and Cash Flow Statement, dealt with by the report, are in agreement with the books of account of the Corporation.



- (d) In our opinion, the Balance Sheet and the Statement of Profit and Loss dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
- (e) In our opinion and to the best of our information and according to the explanations given to us by the Corporation, none of the directors of the Corporation are disqualified from being appointed as directors under section 274(1) (g) of the Companies Act, 1956.
- (f) In our opinion and the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, **particularly note no. 24(23) regarding non-provision for unrecovered amount of Rs. 77,58,157 for the cheques with forged signatures being encashed from the bank account of the Corporation**, give the information required by the Companies Act, 1956 in the manner so required and present 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 Corporation as at 31st March, 2012.
- b) In the case of the Statement of Profit and Loss of the profit for the year ended on that date.
- c) In the case of the Cash flow statement, of the cash flow for the year ended on that date.

Place : Ahmedabad  
Date : 16th August, 2012

**For Chandabhoy & Jassoobhoy**

**Nimai Shah**  
**Partner**  
**Chartered Accountants**  
**Membership No. 100932**  
**Firm Regn. No. 101648W**

**ANNEXURE REFERRED TO IN PARAGRAPH 3 TO THE AUDITORS REPORT TO THE  
MEMBERS OF GUJARAT STATE SEEDS CORPORATION LIMITED FOR THE YEAR  
ENDED 31ST MARCH, 2012**

- (I) The Corporation has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. The management has certified the physical verification of the fixed assets at reasonable intervals.
- No significant discrepancy was noticed on such verification. A substantial part of fixed assets have not been disposed off during the year.
- (II) As informed to us by the management, the stock of goods has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Corporation and the nature of its business. In our opinion, the Corporation is maintaining a proper record of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (III) The Corporation has not taken or granted loans to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (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 Corporation and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. In our opinion, there is no continuing failure on the part of the Corporation to correct major weaknesses in internal control system.
- (V) In our opinion, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable, having regard to the prevailing market prices at the relevant time.
- (VI) The Corporation has not accepted any deposits from the public within the meaning of section 58A or any other relevant provisions of the Act.
- (VII) The Corporation has an internal audit system commensurate with its size and the nature of its business.

- (VIII) The provisions of the maintenance of cost records under section 209(1)(d) of the Act are not applicable to the Corporation.
- (IX) To the best of our knowledge and according to the information and explanations given to us, the Corporation has been generally regular in depositing the undisputed statutory dues consisting of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and cess with the appropriate authorities. There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess which have not been deposited by the Corporation with the appropriate authorities on account of any dispute
- (X) The Corporation does not have accumulated loss, nor has it incurred cash loss in the current financial year or the immediately preceding financial year.
- (XI) The Corporation has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
- (XII) The Corporation has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (XIII) As informed to us, the provisions of any special statute applicable to chit funds/nidhi/mutual benefit fund/societies are not applicable to the Corporation.
- (XIV) The Corporation is not dealing or trading in shares, securities, debentures and other investments. The shares, securities, debentures and other investments held for investment purpose have been held by the Corporation in its own name except to the exemption, if any, granted under section 49 of the Act.
- (XV) To the best of our knowledge and according to the information and explanations given to us, the Corporation has not given any guarantee for loans taken by others from bank of financial institutions.
- (XVI) As the Corporation has not taken any term loans, the question of their application does not arise.
- (XVII) To the best of our judgement, the funds raised on short-term basis have not been materially used for long term investment.
- (XVIII) The Corporation has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. In our opinion, the price at which the shares have been issued is not prejudicial to the interest of the Corporation.

(XIX) The Corporation has not issued any debentures.

(XX) The Corporation has not raised any money by public issue during the year.

(XXI) No fraud on or by the Corporation has been noticed or reported during the year under audit.

**For Chandabhoy & Jassoobhoy**

**Nimai Shah**

**Partner**

**Chartered Accountants**

**Membership No. 100932**

**Firm Regn. No. 101648W**

**Place : Ahmedabad**

**Date : 16th August, 2012**

**Balance Sheet as at 31st March, 2012**

| Particulars                         |                                | Note No.  | As at 31st<br>March , 2012 | As at 31st<br>March , 2011 |
|-------------------------------------|--------------------------------|-----------|----------------------------|----------------------------|
| <b>I.</b>                           | <b>EQUITY AND LIABILITIES</b>  |           |                            |                            |
| <b>1.</b>                           | <b>Shareholder's fund</b>      |           |                            |                            |
|                                     | Share Capital                  | 1         | 3,83,00,000                | 3,73,00,000                |
|                                     | Reserves & Surplus             | 2         | 83,14,72,526               | 67,24,85,082               |
|                                     | <b>Government Grants</b>       | 3         | 10,76,26,673               | 8,63,60,855                |
| <b>2.</b>                           | <b>Non-Current Liabilities</b> |           |                            |                            |
|                                     | Other Long Term Liabilities    | 4         | 9,10,01,000                | 8,70,01,000                |
| <b>3.</b>                           | <b>Current Liabilities</b>     |           |                            |                            |
|                                     | Trade Payables                 | 5         | 8,47,32,367                | 4,06,27,929                |
|                                     | Other Current Liabilities      | 6         | 56,68,15,268               | 31,01,01,528               |
|                                     | Short Term Provisions          | 7         | 39,69,77,748               | 29,62,50,075               |
|                                     | <b>TOTAL</b>                   |           | <b>2,11,69,25,582</b>      | <b>1,53,01,26,469</b>      |
| <b>II.</b>                          | <b>ASSETS</b>                  |           |                            |                            |
| <b>1.</b>                           | <b>Non-Current Assets</b>      |           |                            |                            |
|                                     | Fixed Assets                   | 8         |                            |                            |
|                                     | (i) Tangible Assets            |           | 13,36,89,421               | 12,31,74,969               |
|                                     | (ii) Capital Work-in progress  |           | 1,38,85,455                | 74,64,158                  |
|                                     | Deferred tax assets (Net)      | 9         | 1,49,92,500                | 1,30,16,267                |
|                                     | Long term loans and advances   | 10        | 1,89,170                   | 1,87,570                   |
| <b>2.</b>                           | <b>Current Assets</b>          |           |                            |                            |
|                                     | Current Investment             | 11        | 65,00,00,000               | 14,00,00,000               |
|                                     | Inventories                    | 12        | 36,22,88,806               | 29,01,80,466               |
|                                     | Trade receivables              | 13        | 14,39,33,482               | 3,26,08,386                |
|                                     | Cash and Cash Equivalents      | 14        | 23,39,08,189               | 48,97,32,733               |
|                                     | Short-term loans and advances  | 15        | 46,83,07,966               | 31,80,12,450               |
|                                     | Other current assets           | 16        | 9,57,30,593                | 11,57,49,470               |
|                                     | <b>TOTAL</b>                   |           | <b>2,11,69,25,582</b>      | <b>1,53,01,26,469</b>      |
| <b>Note forming part of account</b> |                                | <b>24</b> |                            |                            |

**For and on behalf of the Board of Directors**

|                  |                       |                   |                       |                          |
|------------------|-----------------------|-------------------|-----------------------|--------------------------|
| Gandhinagar      | <b>B.B. Kundariya</b> | <b>K.M Raval</b>  | <b>U.D. Singh IFS</b> | <b>R.K. Tripathy IAS</b> |
| 16th August,2012 | Manager (Finance)     | Company Secretary | Managing Director     | Chairman                 |

**As per our report of even date annexed**

Ahmedabad,  
16th August,2012

For Chandabhoy & Jassoobhoy  
Chartered Accountants  
Nimai Shah (Partner)  
Membership No. : 100932

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

(In Rupees)

| Particulars  |   | Note No.  | Year ended<br>31st March<br>2012 | Year ended<br>31st March<br>2011 |
|--------------|---|-----------|----------------------------------|----------------------------------|
| I.           | Revenue from Operations   | 17        | 1,66,72,79,887                   | 1,39,22,64,799                   |
| II.          | Other Income  | 18        | 10,79,48,010                     | 6,85,09,487                      |
| <b>III.</b>  | <b>Total Revenue (I+II)</b>   |           | <b>1,77,52,27,897</b>            | <b>1,46,07,74,286</b>            |
| <b>IV.</b>   | <b>Expenses:</b>  |           |                                  |                                  |
|              | Purchases of Stock-in-Trade   | 19        | 1,34,56,31,385                   | 1,07,95,87,892                   |
|              | Changes in Inventories of finished goods, work-in-progress and Stock-in-Trade | 20        | (8,45,32,474)                    | (2,13,56,196)                    |
|              | Employee Benefit Expense  | 21        | 10,00,92,483                     | 14,30,22,645                     |
|              | Depreciation and Amortization Expense   | 22        | 29,37,025                        | 26,81,495                        |
|              | Other Expenses  | 23        | 11,07,37,267                     | 8,11,30,877                      |
|              | <b>Total Expenses</b>   |           | <b>1,47,48,65,687</b>            | <b>1,28,50,66,713</b>            |
| <b>V.</b>    | <b>Profit before exceptional items and tax (III-IV)</b>                       |           | 30,03,62,211                     | 17,57,07,573                     |
| VI.          | Exceptional items   |           | -                                | -                                |
| <b>VII.</b>  | <b>Profit before tax (V-VI):</b>  |           | <b>30,03,62,211</b>              | <b>17,57,07,572</b>              |
| <b>VIII.</b> | <b>Tax Expense:</b>   |           |                                  |                                  |
|              | (1) Current Tax   |           | 10,00,00,000                     | 5,85,00,000                      |
|              | (2) Deferred Tax  |           | (19,76,233)                      | (15,65,914)                      |
| <b>IX.</b>   | <b>Profit (Loss) For the year (VII-VIII)</b>                                  |           | <b>20,23,38,444</b>              | <b>11,87,73,486</b>              |
| <b>X.</b>    | <b>Earnings per equity share of Rs.100 each</b>                               |           |                                  |                                  |
|              | (1) Basic   |           | 535                              | 320                              |
|              | (2) Diluted   |           | 535                              | 320                              |
|              | <b>Note forming part of account</b>   | <b>24</b> |                                  |                                  |

**For and on behalf of the Board of Directors**

|                                  |  |                                       |  |                                      |
|----------------------------------|--|---------------------------------------|--|--------------------------------------|
| Gandhinagar<br>16th August, 2012 | <b>B.B. Kundariya</b><br>Manager (Finance) | <b>K.M Raval</b><br>Company Secretary | <b>U.D. Singh IFS</b><br>Managing Director | <b>R.K. Tripathy IAS</b><br>Chairman |
|----------------------------------|--|---------------------------------------|--|--------------------------------------|

**As per our report of even date annexed**

Ahmedabad,  
16th August, 2012

For Chandabhoy & Jassoobhoy  
Chartered Accountants  
Nimai Shah (Partner)  
Membership No. : 100932

**Note to the Financial Statements****Note:1 Share Capital**

(In Rupees)

| Particulars   | As at 31st March 2012 | As at 31st March 2011 |
|---|-----------------------|-----------------------|
| <b>AUTHORISED</b><br>4,00,000 Equity shares of Rs. 100 each<br>(Previous year 4,00,000 Equity shares of Rs. 100 each)   | 4,00,00,000           | 40,00,000             |
| <b>ISSUED SUBSCRIBED AND PAID-UP</b><br>3,83,000 Equity Shares of Rs 100/- each fully paid<br>Out of the above 18,000 equity shares are held by Central Government and remaining 3,65,000 shares are held by Government of Gujarat. | 3,83,00,000           | 3,73,00,000           |
| <b>Total :-</b>   | <b>3,83,00,000</b>    | <b>3,73,00,000</b>    |

**1.1 Reconciliation of equity shares and amount outstanding**

| Particulars                                     | As at 31st March, 2012 |          |
|---|------------------------|----------|
|   | Number                 | Amount   |
| Shares outstanding at the beginning of the year | 373000                 | 37300000 |
| Shares Issued during the year                   | 10000                  | 1000000  |
| Shares outstanding at the end of the year       | 383000                 | 38300000 |

**1.2 List of Shareholders holding more than 5% of shares**

| Name                  | No. of Share held |
|-----------------------|-------------------|
| Government of Gujarat | 36,5000           |

**Note: 2 Reserve & Surplus**

(In Rupees)

| Particulars   | As at 31st March, 2012 | As at 31st March, 2011 |
|---|------------------------|------------------------|
| <b>a. General Reserve</b>                             |                        |                        |
| Opening Balance                                       | 67,24,85,082           | 56,01,95,602           |
| (+)Current Year Transfer                              | 15,89,87,444           | 11,22,89,480           |
| Closing Balance                                       | 83,14,72,526           | 67,24,85,082           |
| <b>b. Surplus in the Statement of Profit and Loss</b> |                        |                        |
| Opening Balance                                       | -                      | -                      |
| (+) Net Profit/(Net Loss)For the Current year         | 20,23,38,444           | 11,87,73,486           |
| (-)Interim Dividends                                  | (3,73,00,000)          | -                      |
| (-)Proposed Dividends                                 | -                      | (55,60,480)            |
| (-)Tax on Dividends                                   | (60,51,000)            | (9,23,526)             |
| (-)Transfer to Reserve                                | 15,89,87,444           | 11,22,89,480           |
| Closing Balance                                       | -                      | -                      |
| <b>Total</b>  | <b>83,14,72,526</b>    | <b>67,24,85,082</b>    |

### Note : 3 Government Grant

(In Rupees)

| Sr. No.    | Particulars  | Opeing Balance  | Addition for the Years | Deduction       | Total As on 31-3-12 | Deduction |                             | Balance as at   |                  |                 |
|------------|--|-----------------|------------------------|-----------------|---------------------|-----------|-----------------------------|-----------------|------------------|-----------------|
|            |  |                 |                        |                 |                     | Deduction | Withdrawal for Depreciation | Total Deduction | 31-03-2012       | 31-03-2011      |
| <b>I</b>   | <b>Capitla Reserve - Grant Againt non Depreciable Assets</b> |                 |                        |                 |                     |           |                             |                 |                  |                 |
|            | Site Development (Land)                                      | 708187          | 0                      | 0               | 708187              | 0         | 0                           | 0               | 708187           | 708187          |
|            | <b>Total</b>   | <b>708187</b>   | <b>0</b>               | <b>0</b>        | <b>708187</b>       | <b>0</b>  | <b>0</b>                    | <b>0</b>        | <b>708187</b>    | <b>708187</b>   |
| <b>II</b>  | <b>DEFERRED INCOME GRANT</b>                                 |                 |                        |                 |                     |           |                             |                 |                  |                 |
| <b>A</b>   | <b>UNDER GRANT GOI</b>                                       |                 |                        |                 |                     |           |                             |                 |                  |                 |
|            | Buildings  | 53453876        | 12980223               | 0               | 66434099            | 0         | 3084485                     | 3084485         | 63349614         | 53453876        |
|            | Plant and Machinery  | 20804573        | 1206500                | 0               | 22011073            | 0         | 3062305                     | 3062305         | 18948768         | 20804573        |
|            | Office equipment   | 62335           | 0                      | 0               | 62335               | 0         | 9276                        | 9276            | 53059            | 62335           |
|            | Computer   | 102289          | 1909654                | 9551            | 2002392             | 0         | 679279                      | 679279          | 1323113          | 102289          |
|            | Laboratory Equipment   | 109135          | 0                      | 0               | 109135              | 0         | 15181                       | 15181           | 93954            | 109135          |
|            | Furniture and Fixtures                                       | 12814           | 0                      | 0               | 12814               | 0         | 2287                        | 2287            | 10527            | 12814           |
|            | <b>Total :- 1</b>  | <b>74545022</b> | <b>16096377</b>        | <b>9551</b>     | <b>90631848</b>     | <b>0</b>  | <b>6852813</b>              | <b>6852813</b>  | <b>83779035</b>  | <b>74545022</b> |
| <b>B</b>   | <b>NSP - III</b>   |                 |                        |                 |                     |           |                             |                 |                  |                 |
|            | Buildings  | 2188624         | 0                      | 0               | 2188624             | 0         | 109582                      | 109582          | 2079042          | 2188624         |
|            | Plant and Machinery  | 247517          | 0                      | 0               | 247517              | 0         | 45126                       | 45126           | 202391           | 247517          |
|            | Office equipment   | 31263           | 0                      | 0               | 31263               | 0         | 3744                        | 3744            | 27519            | 31263           |
|            | Quality Control Lab.   | 23450           | 0                      | 0               | 23450               | 0         | 3261                        | 3261            | 20189            | 23450           |
|            | <b>Total :- 2</b>  | <b>2490854</b>  | <b>0</b>               | <b>0</b>        | <b>2490854</b>      | <b>0</b>  | <b>161713</b>               | <b>161713</b>   | <b>2329141</b>   | <b>2490854</b>  |
| <b>III</b> | <b>GRANT UNUSED</b>  |                 |                        |                 |                     |           |                             |                 |                  |                 |
|            |  | 8616792         | 81120000               | 68926482        | 20810310            | 0         | 0                           | 0               | 20810310         | 8616792         |
|            | <b>GRAND TOTAL :</b>   | <b>86360855</b> | <b>97216377</b>        | <b>68936033</b> | <b>114641199</b>    | <b>0</b>  | <b>7014526</b>              | <b>7014526</b>  | <b>107626673</b> | <b>86360855</b> |



**Note: 4 Other Long Term Liabilities**

(In Rupees)

| <b>Particulars</b> | <b>As at 31st<br/>March, 2012</b> | <b>As at 31st<br/>March, 2011</b> |
|--------------------|-----------------------------------|-----------------------------------|
| Revolving Fund     | 9,10,01,000                       | 8,70,01,000                       |
| <b>Total</b>       | <b>9,10,01,000</b>                | <b>8,70,01,000</b>                |

**Note:5 Trade Payables**

(In Rupees)

| <b>Particulars</b>                  | <b>As at 31st<br/>March, 2012</b> | <b>As at 31st<br/>March, 2011</b> |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Micro, Small and Medium Enterprises | -                                 | -                                 |
| Others                              | 8,47,32,367                       | 4,06,27,929                       |
| <b>Total</b>                        | <b>8,47,32,367</b>                | <b>4,06,27,929</b>                |

**Note:6 Other Current Liabilities**

(In Rupees)

| <b>Particulars</b>           | <b>As at 31st<br/>March, 2012</b> | <b>As at 31st<br/>March, 2011</b> |
|------------------------------|-----------------------------------|-----------------------------------|
| Deposits Payable             | 3,43,96,617                       | 3,10,03,106                       |
| Statutory Dues               | 13,03,963                         | 2,66,211                          |
| Other Liability for Expenses | 53,11,14,687                      | 27,88,32,211                      |
| <b>Total</b>                 | <b>56,68,15,268</b>               | <b>31,01,01,528</b>               |

**Note:7 Short Term Provisions**

(In Rupees)

| <b>Particulars</b>                      | <b>As at 31st<br/>March, 2012</b> | <b>As at 31st<br/>March, 2011</b> |
|---|-----------------------------------|-----------------------------------|
| Provisions for dividend and divided tax | -                                 | 64,84,006                         |
| Leave encashment                        | 5,35,12,056                       | 4,63,00,377                       |
| Provision for Income Tax                | 34,25,00,000                      | 24,25,00,000                      |
| Provision for FBT                       | 9,65,692                          | 9,65,692                          |
| <b>Total</b>                            | <b>39,69,77,748</b>               | <b>29,62,50,075</b>               |

**Note:8 Fixed Assets**

| Particulars                       | GROSS BLOCK                     |                 |                  | DEPRECIATION                  |                         |  | NET BLOCK                                  |                               |                         |                         |
|-----------------------------------|---------------------------------|-----------------|------------------|-------------------------------|-------------------------|--|--|-------------------------------|-------------------------|-------------------------|
|                                   | At cost as at 01-04-2011<br>Rs. | Addition<br>Rs. | Deduction<br>Rs. | Total as at 31-03-2012<br>Rs. | Up to 31-03-2011<br>Rs. | Provided for the year 2011-2012<br>Rs. | Deduction during the year 2011-2012<br>Rs. | Total up to 31-03-2012<br>Rs. | As at 31-03-2012<br>Rs. | As at 31-03-2011<br>Rs. |
| <b>(A) Tangible Assets</b>        |                                 |                 |                  |                               |                         |  |  |                               |                         |                         |
| (a) Lease Hold                    | 36302                           | 0               | 530              | 35772                         | 0                       | 0                                      | 0  | 0                             | 35772                   | 36302                   |
| (b) Free Hold                     | 6430913                         | 0               | 0                | 6430913                       | 0                       | 0                                      | 0  | 0                             | 6430913                 | 6430913                 |
| (c) Site Development              | 708187                          | 0               | 0                | 708187                        | 0                       | 0                                      | 0  | 0                             | 708187                  | 708187                  |
| (d) Land at Rajkot                | 15000000                        | 0               | 0                | 15000000                      | 0                       | 0                                      | 0  | 0                             | 15000000                | 15000000                |
| Buildings                         | 105166766                       | 12980223        | 0                | 118146989                     | 31564557                | 4099716                                | 0  | 35664273                      | 82482716                | 73602209                |
| Vehicles                          | 9257117                         | 2790311         | 1204267          | 10843161                      | 6218462                 | 1138157                                | 1163075                                    | 6193544                       | 4649617                 | 30386656                |
| Plant & Machinery                 | 29466394                        | 1221550         | 171649           | 30516295                      | 7012050                 | 3314331                                | 168954                                     | 10157426                      | 20358869                | 22454344                |
| <b>Furniture Fitting Fixtures</b> |                                 |                 |                  |                               |                         |  |  |                               |                         |                         |
| Furniture                         | 2786378                         | 173102          | 0                | 2959480                       | 2458657                 | 170128                                 | 0  | 2628784                       | 330696                  | 327721                  |
| Office Equipment                  | 2384294                         | 609588          | 0                | 2993882                       | 2222619                 | 138322                                 | 0  | 2360941                       | 632941                  | 161675                  |
| Computer                          | 3917775                         | 2745198         | 1398347          | 5264626                       | 2635397                 | 1072456                                | 1388796                                    | 2319057                       | 2945569                 | 1282378                 |
| Laboratory Equip.                 | 611617                          | 0               | 0                | 611617                        | 479033                  | 18442                                  | 0  | 497475                        | 114142                  | 132584                  |
| <b>Total :-</b>                   | <b>175765744</b>                | <b>20519972</b> | <b>2774794</b>   | <b>193510921</b>              | <b>52590774</b>         | <b>9951551</b>                         | <b>2720825</b>                             | <b>59821500</b>               | <b>133689421</b>        | <b>123174969</b>        |
| Capital works in Progress         | 7464158                         | 19184265        | 12762968         | 13885455                      | 0                       | 0                                      | 0  | 0                             | 13885455                | 7464158                 |
| <b>Total For the Year</b>         | <b>183229902</b>                | <b>39704237</b> | <b>15537762</b>  | <b>207396376</b>              | <b>52590774</b>         | <b>9951551</b>                         | <b>2720825</b>                             | <b>59821500</b>               | <b>147574876</b>        | <b>130639127</b>        |
| <b>Total Previous year</b>        | 134802709                       | 48918442        | 1391250          | 183229902                     | 45759395                | 7786029                                | 954650                                     | 52590774                      | 130639127               | -                       |

**Note :9 Deferred Tax Assets****(In Rupees)**

| Particulars  | As at<br>31-3-2011   | Charge / (Credit)<br>during the year | As at<br>31-3-2012   |
|--|----------------------|--------------------------------------|----------------------|
| Deferred Tax liability on account of :<br>(i) Depreciation | 26,65,869            | (1,104)                              | 26,64,765            |
| Deferred Tax Assets on Account of:                         |                      |                                      |                      |
| (i) Provision for doubtful debts                           | 3,02,308             | (7,030)                              | 2,95,278             |
| (ii) Provision for leave encashment                        | 1,53,79,828          | 19,82,159                            | 1,73,61,987          |
|  | 1,56,82,136          | 19,75,129                            | 1,76,57,265          |
| <b>Net Deferred Tax Liabilities / Assets</b>               | <b>(1,30,16,267)</b> | <b>(19,76,233)</b>                   | <b>(1,49,92,500)</b> |

**Note :10 Long term loans & advances****(In Rupees)**

| Particulars                                       | As at 31st<br>March, 2012 | As at 31st<br>March, 2011 |
|---|---------------------------|---------------------------|
| Security Deposits<br>(Unsecured, Considered good) | 1,89,170                  | 1,87,570                  |
| <b>Total</b>                                      | <b>1,89,170</b>           | <b>1,87,570</b>           |

**Note :11 Current Investments****(In Rupees)**

| Particulars  | As at 31st<br>March, 2012 | As at 31st<br>March, 2011 |
|--|---------------------------|---------------------------|
| Investments in Government or Trust Securities:<br>Term Deposit with GSFS | 65,00,00,000              | 14,00,00,000              |
| <b>Total</b>   | <b>65,00,00,000</b>       | <b>14,00,00,000</b>       |

**Note :12 Inventories****(in Rupees)**

| Particulars  | As at 31st,<br>March, 2012 | As at 31st,<br>March, 2011 |
|--|----------------------------|----------------------------|
| Finished goods (as taken, Valued and certified by<br>the Managing Director)                  |                            |                            |
| 1. Seeds breeder<br>(At lower of cost or market value)                                       | 2,46,745                   | 1,58,560                   |
| 2. Seeds foundation<br>(At lower of cost or market value)                                    | 4,14,13,824                | 2,88,70,315                |
| 3. Seeds certified & General<br>(At lower of cost or market value)                           | 27,49,35,012               | 20,29,21,814               |
| 4. Seeds Mixture (At realisable value)   | 13,052                     | 1,25,470                   |
| 5. Materials Certification<br>Packing & Processing<br>(At lower of cost or realisable value) | 4,56,80,173                | 5,81,04,307                |
| <b>Total</b>   | <b>36,22,88,806</b>        | <b>29,01,80,466</b>        |

**Note :13 Trade Receivables****(In Rupees)**

| <b>Particulars</b>  | <b>As at 31st,<br/>March, 2012</b> | <b>As at 31st,<br/>March, 2011</b> |
|---|------------------------------------|------------------------------------|
| Trade receivables outstanding for a period exceeding six months : |                                    |                                    |
| Unsecured, Considered good  | 11,48,762                          | 40,41,559                          |
| Unsecured, Considered doubtful                                    | 9,10,089                           | 9,10,089                           |
| Less: Provision for doubtful debts                                | (9,10,089)                         | (9,10,089)                         |
| <b>Sub total</b>  | <b>11,48,762</b>                   | <b>40,41,559</b>                   |
| Trade receivables outstanding for a period less than six months : |                                    |                                    |
| Unsecured, Considered good  | 14,27,84,720                       | 2,85,66,827                        |
| <b>Total</b>  | <b>14,39,33,481</b>                | <b>3,26,08,386</b>                 |

**Note :14 Cash and Bank Balances****(In Rupees)**

| <b>Particulars</b>                         | <b>As at 31st<br/>March, 2012</b> | <b>As at 31st<br/>March, 2011</b> |
|--|-----------------------------------|-----------------------------------|
| Balance with Banks in current accounts     | 23,38,59,805                      | 5,89,34,461                       |
| Cash on hand, Cheques, Stamp on hand       | 48,384                            | 7,98,272                          |
| Balance in term deposit account with banks | -                                 | 43,00,00,000                      |
| <b>Total</b>                               | <b>23,39,08,189</b>               | <b>48,97,32,733</b>               |

**Note :15 Short-Term Loans and advances****(In Rupees)**

| <b>Particulars</b>                              | <b>As at 31st<br/>March, 2012</b> | <b>As at 31st<br/>March, 2011</b> |
|---|-----------------------------------|-----------------------------------|
| Balance with statutory authorities              | 34,48,37,441                      | 26,99,57,627                      |
| Loans and advances others                       |                                   |                                   |
| Unsecured, Considered good                      | 12,34,70,525                      | 4,80,54,823                       |
| Unsecured, Considered doubtful                  | 6,15,000                          | 6,15,000                          |
| Less: Provision for doubtful loans and advances | (6,15,000)                        | (6,15,000)                        |
|   | 12,34,70,525                      | 4,80,54,823                       |
| <b>Total</b>                                    | <b>46,83,07,966</b>               | <b>31,80,12,450</b>               |

**Note :16 Other Current Assets****(In Rupees)**

| <b>Particulars</b>  | <b>As at 31st<br/>March, 2012</b> | <b>As at 31st<br/>March, 2011</b> |
|---------------------|-----------------------------------|-----------------------------------|
| Interest receivable | 4,66,61,634                       | 2,41,36,389                       |
| Prepaid Expenses    | 13,77,504                         | 26,03,742                         |
| Others              | 4,76,91,455                       | 8,90,09,339                       |
| <b>Total</b>        | <b>9,57,30,593</b>                | <b>11,57,49,470</b>               |

**Note :17 Revenue from Operations****(In Rupees)**

| <b>Particulars</b> | <b>2011-12</b>        | <b>2010-11</b>        |
|--------------------|-----------------------|-----------------------|
| Sale of Products   | 1,66,72,79,887        | 1,39,22,64,799        |
| <b>Total</b>       | <b>1,66,72,79,887</b> | <b>1,39,22,64,799</b> |

**Note :18 Other Income****(In Rupees)**

| <b>Particulars</b>   | <b>2011-12</b>      | <b>2010-11</b>     |
|----------------------|---------------------|--------------------|
| Interest Income      | 8,22,37,038         | 4,74,72,849        |
| Miscellaneous Income | 2,57,10,973         | 2,10,36,638        |
| <b>Total</b>         | <b>10,79,48,010</b> | <b>6,85,09,487</b> |

**Note :19 Purchase of Stock in Trade****(In Rupees)**

| <b>Particulars</b>                   | <b>2011-12</b>        | <b>2010-11</b>        |
|--------------------------------------|-----------------------|-----------------------|
| Purchase of Seeds                    | 1,27,56,48,205        | 1,04,85,12,449        |
| Purchase of Fertilizers & Pesticides | 6,99,83,180           | 3,10,75,443           |
| <b>Total</b>                         | <b>1,34,56,31,385</b> | <b>1,07,95,87,892</b> |

**Note :20 Change in inventories of finished goods, work-in-progress and stock-in-Trade****(In Rupees)**

| <b>Particulars</b>                                     | <b>2011-12</b>       | <b>2010-11</b>       |
|--|----------------------|----------------------|
| Inventories (at close)<br>Finished goods-Seeds         | 31,66,08,633         | 23,20,76,159         |
| Inventories (at commencement):<br>Finished goods-Seeds | 23,20,76,159         | 21,07,19,963         |
| <b>Total</b>   | <b>(8,45,32,474)</b> | <b>(2,13,56,196)</b> |

**Note :21 Employee benefit expenses****(In Rupees)**

| <b>Particulars</b>            | <b>2011-12</b>      | <b>2010-11</b>      |
|-------------------------------|---------------------|---------------------|
| Salaries and wages            | 7,63,70,825         | 7,38,12,892         |
| Contributions to :            |                     |                     |
| Provident fund and other fund | 2,32,05,205         | 6,87,66,900         |
| Staff Welfare Expenses        | 5,16,453            | 4,42,853            |
| <b>Total</b>                  | <b>10,00,92,483</b> | <b>14,30,22,645</b> |

**Note :22 Depreciation****(In Rupees)**

| <b>Particulars</b>  | <b>2011-12</b>   | <b>2010-11</b>   |
|---|------------------|------------------|
| Total Depreciation  | 99,51,551        | 77,86,029        |
| Less: Included in prior period adjustment                             | 0                | 1,62,129         |
| Less : Depreciation adjusted against deferred income government grant | 70,14,526        | 49,42,405        |
| <b>Total</b>  | <b>29,37,025</b> | <b>26,81,495</b> |

**Note :23 Other Expenses****(In Rupees)**

| <b>Particulars</b>  | <b>2011-12</b>      | <b>2010-11</b>    |
|---|---------------------|-------------------|
| Carriage Inward   | 1,27,05,681         | 94,91,924         |
| Processing inspection and seed testing                        | 1,49,37,388         | 99,24,125         |
| Casual Labour   | 42,28,514           | 27,20,169         |
| Certification,Processing and packing materials Consumed (Net) | 3,82,21,424         | 2,93,51,945       |
| Production Promotion Expenses                                 | 17,89,776           | 1,26,629          |
| Payment to auditors   | 1,23,596            | 1,10,300          |
| Rent  | 52,80,293           | 39,38,568         |
| Rates and Taxes   | 4,06,233            | 3,85,223          |
| Insurance   | 18,80,180           | 15,08,456         |
| Travelling Expenses   | 9,77,649            | 9,05,465          |
| Repairs to Building   | 98,061              | 69,621            |
| Repairs to Machinery  | 1,49,414            | 72,192            |
| Repairs to others   | 4,27,279            | 71,619            |
| Vehical Expenses  | 21,14,290           | 18,18,497         |
| Freight Charges (Outward)                                     | 1,00,84,114         | 75,13,209         |
| Advertisement & Publicity Expenses                            | 14,59,925           | 11,11,833         |
| Other Selling Expenses  | 37,64,092           | 35,61,306         |
| Directors Sitting fees  | 34,000              | 61,000            |
| Prior Period items (Net)                                      | 5,80,271            | (3,25,424)        |
| Miscellaneous Expenses  | 1,14,75,089         | 87,14,221         |
| <b>Total</b>  | <b>11,07,37,267</b> | <b>81,13,0877</b> |

**Note :23.1 Payment to Auditors as:****(In Rupees)**

| <b>Particulars</b>       | <b>2011-12</b>  | <b>2010-11</b>  |
|--------------------------|-----------------|-----------------|
| (i) Statutory Audit Fees | 1,12,360        | 1,10,300        |
| (ii) In other Capacity   | 0               | 0               |
| (iii) For Expenses       | 11,236          | 0               |
| <b>Total</b>             | <b>1,23,596</b> | <b>1,10,300</b> |

**Note :23.2 Prior Period Item (net)****(In Rupees)**

| <b>Particulars</b>              | <b>2011-12</b>  | <b>2010-11</b>    |
|---------------------------------|-----------------|-------------------|
| Debit relating to earlier year  | 5,80,271        | 3,55,546          |
| Credit relating to earlier year | 0               | 6,80,970          |
| <b>Total</b>                    | <b>5,80,271</b> | <b>(3,25,424)</b> |

## NOTE 24 NOTES FORMING PART OF ACCOUNTS 2011 - 2012

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### (1) Principal Accounting Policies:-

The financial statements have been prepared in accordance with the Accounting Standards applicable in India. A summary of the important accounting policies, which have been applied consistently, are set out below. The financial statements have been prepared in accordance with the relevant presentation requirements of the Companies Act, 1956.

### (2) Use of Estimates:-

The preparation of financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in accordance with the requirements of the respective accounting standard.

### (3) Basis of Accounting:-

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles as adopted consistently by the Corporation. The Corporation also follows the accrual basis of accounting both as to income and expenditure except those having a significant degree of uncertainty.

### (4) Fixed Assets and Depreciation:-

- i) Fixed Assets are taken at cost of acquisition / construction including incidental expenses in connection there to.
  - a. Provision for depreciation has been made on written down value method at the rates specified under Schedule – XIV of the Companies Act, 1956.
  - b. In case of Additions or deletions to the assets, depreciation is provided pro-rata from the date of use or disposal except in case of assets costing Rs.5000/- or less in each case, where depreciation for the full year is provided at the rate of 100% in the year of acquisition.
  - c. In case of assets for which the corporation has received grants from the government and or any other agency depreciation is adjusted proportionately out of the “Deferred Income – Government Grants” and only the balance amount of depreciation in respect of the proportion of assets financed by the Corporation is debited to Profit & Loss Account.
- ii) **Revenue recognition:**

**Sale of goods:** Revenue from sale of goods is recognized when the significant risks and rewards of ownership in the goods has been transferred to the customers and is



stated net of rebates, price concession, sales returns and sales tax / VAT but includes excise duty.

**Interest revenue** is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**(5) Purchase: -**

- i) Purchases of seeds procured from the farmers under seeds production programmes are accounted for as purchases only after the necessary certification from the concerned agency. Pending such certification the stock received from the farmers is treated as goods received on behalf of farmers, and are excluded from the inventory of the Corporation.
- ii) Loose tools purchased have been treated as consumed.

**(6) Inventories:-**

- i) Stock of Seeds, packing material and other material, is taken into account on the basis of physical verification and as certified by the Managing Director.
- ii) Stock of seeds is valued at cost (calculated on season's weighted average basis) or market price whichever is lower. For the purpose of arriving at the cost expenditure directly attributable to the purchase / procurement of seeds has been considered.
- iii) Stock of mixture of seeds is valued at estimated realizable value.
- iv) Packing materials issued to the farmers under seed production programmes have been treated as consumed and have not been considered for inventory valuation. Realisable / scrap value thereof is credited to miscellaneous receipt in the year of sale as per the consistent practice followed by the Corporation.
- v) Stock of stores, packing and processing materials, is valued at cost except in case of recycled gunny bags which are valued at estimated realizable value.

**(7) Retirement Benefits:-**

- i) Corporation has taken a Group Gratuity Policy with the Life Insurance Corporation of India through an irrevocable trust to cover full accruing liability of Gratuity, as per the Gratuity Rules framed by the Corporation, under The Payment of Gratuity Act, 1972 as amended from time to time, under Cash Accumulation Scheme.
- ii) Corporation has taken a Group Leave Encashment Scheme Policy with Life Insurance Corporation (LIC) to cover the full accruing liability on actuarial valuation of earned leave, which is accounted for as per statement of LIC.

**(8) Government Grants and Subsidies:-**

i) General:

- a. All subsidies, whether capital or revenue, under various schemes are accounted for on accrual basis when there is a reasonable assurance that the Corporation will comply with the conditions attached to the grant and where such benefits have been earned by the Corporation and the ultimate collection of the grant is reasonably certain.
- b. The Corporation has also received government grants as a Nodal Agency for disbursement of various kinds of subsidies under the schemes announced by the Central and State Governments from time to time. In such cases, the Corporation receives in advance the monies ear-marked for subsidies which are accounted for as liability and are disclosed separately under the head "current liabilities". The amounts disbursed out of these funds are adjusted by debiting to this head and crediting to unpaid subsidy on the basis of sanctions made by the competent authority till the end of the financial year. However, the amounts of subsidy receivable by the Corporation under various scheme, which are eligible to be adjusted against such grants, are adjusted on the basis of claims made by the Corporation which are eligible for adjustments against the schemes up to the end of the year. Adjustments if any consequent upon the actual receipt of sanction are made as and when sanction is received. However, ordinarily there are no such adjustments required to be made.

ii) Capital Grants:

Grants received against creation of fixed assets are disclosed separately below the head "Reserves and Surplus". The capital grants which are against non-depreciable assets are treated as capital reserves and are disclosed separately whereas the grant received against depreciable fixed assets is credited under the head "Deferred Income Government Grants" and the entire gross block and net block of fixed assets irrespective of quantum of grant received against them, is shown at aggregate values in the schedule of fixed assets. Every year, an amount is withdrawn from the "Deferred Income Government Grants", in proportion to the grant financed component of the fixed assets, on pro-rata basis on the current depreciation, and is adjusted against the current depreciation charge debited to the Profit and Loss account. This accounting treatment is in conformity with the requirements of Accounting Standard 10 – Accounting for Fixed Assets and Accounting Standard 12 – Accounting for Government Grants.

iii) Revenue Grants:

Revenue grants are recognized on the basis of accrual, as and when Corporation becomes eligible to receive the grants, in the manner as mentioned above. The same are disclosed separately under the head "Other Income" in Profit and Loss account.

- (9) As per the accounting policy consistently followed by the Corporation, low value items

of dead stocklike calculators etc., which are minor in nature, are directly expensed in Profit & Loss Account in the year of purchase.

- (10) In case of death of an employee, during his / her employment with the Corporation, the outstanding amount due from him / her against House Building Advance, including accrued interest, is waived and written off, in terms of State Government Resolution and confirmatory decision of the Board of Directors. Such waived and written off amount is treated and disclosed as “Ex-Gratia Terminal Benefits” under note 21 of Profit & Loss Account, in the year in which death takes place.
- (11) **Borrowing costs:** Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.
- (12) **Provisions / Contingencies:** A provision is recognized for a present obligation as a result of past events 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 management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources is remote. Contingent assets are neither recognized nor disclosed.
- (13) **Taxation:** Income tax expense comprises current tax, and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognized, only if there is a virtual certainty of its realisation. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realisation. At each balance sheet date, the carrying amounts of deferred tax assets are reviewed to reassure realisation.
- (14) **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 asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.
- (15) Contingent liabilities not provided for due to uncertainties of measurement and litigation outcome:-

| Sr.No. | Particulars   | Amount  |
|--------|---|---|
| 1      | Claims of certain employees as to the reinstatement, back wages and tribal allowance etc. are pending against the corporation | See Note No.16  |
| 2      | Claims against Corporation by suppliers and other constituents (Marketing & Production)                                       | Rs. 1,70,04,845/-<br>(Previous Year<br>Rs. 1,58,22,406/-) |

- (16)** Services of one employee was under suspension upto 30.09.2008 and he was retired by age on 30.09.2008. Matter is pending at High Court. Necessary adjustments in the accounts in respect of forfeiture of the eligible terminal benefits or payment of arrears of wages, benefits and other liabilities, if any, will be made in the year and in terms of outcome of such cases. In other case, an employee terminated in the year 1999 has won a case for reinstatement in the district Court. The corporation has appealed against the said order in the High Court. Matter pending to two other employees whose services were terminated is also pending at High Court.
- (17)** Current liabilities include an amount of Rs.2,08,425/-(P.Y.2,08,425/-) recovered from an employee to wards arrears of Godown allowances paid in earlier years which is accounted as current liability in view of the pending dispute in a Court of Law. Necessary appropriations to income can only be made on the resolution of the dispute.
- (18)** Advances include an amount of Rs.6,00,000/- (P.Y.6,00,000/-) misappropriated by an employee (on 18.06.2001) of the Corporation in the financial year 2001-2002 against which Court case is pending. The amount is fully provided for.
- (19)** In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business except doubtful debts & advances. All known ascertainable liabilities have been accounted for in full, in the books of account except those stated otherwise. All material accounts in respect of debtors, creditors, loans and advances etc. have been confirmed directly or indirectly. However, in some cases confirmations are pending but the amounts thereof are not material and consequent adjustments, if any required, will be carried out as and when such confirmations are received.
- (20)** The Corporation is in the process of obtaining information about the Micro, small and Medium Size Enterprises status from its suppliers. Prima-facie, there are no outstanding dues to such Micro, small and Medium Size Enterprises Units. However, authentic information about such dues can be furnished only upon receipt of information from respective Micro, small and Medium Size Enterprises Units, if any.
- (21)** In the opinion of the management no provision is required to be made for impairment of assets in accordance with the provisions of Accounting Standard AS-28 on impairment of assets issued by the Institute of Chartered Accountants of India.

(22) The Company has only one business and geographical segment. Hence, Disclosure of segmental figures as required to be disclosed as per Accounting Standard 17 on Segmental Reporting as issued by the Institute of Chartered Accountants of India is not applicable.

(23) Some persons have withdrawn an amount of Rs.96,78,277/- from Corporations Current Bank Account No. 56278049169 with State Bank of India, Gandhinagar during the period from 21.08.2009 to 29.08.2009 by issuing 8 differences duplicate cheques with forged signatures of officers of the Corporation. The Corporation has filed FIR No. 471/09 dated 02.09.2009 with Navrangpura Police Station, Ahmedabad. The crime Branch Ahmedabad has taken up the investigation. Rs.19,20,120/- has been recovered from the Accounts where the funds were diverted and the matter is still under investigation. The Corporation has launched a claim against the State Bank of India for re-instatement of funds i.e. an amount of Rs.96,78,277/- as prima facie it is noticed that there has been negligence on the part of the bank in honouring duplicate cheques. CID Crime branch had arrested Shri Mayur Krushnalal Joshi, LDC of the Corporation for his direct involvement in the fraud. Corporation has suspended Shri Mayur Krushnalal Joshi, LDC on 05.10.2009 based on CID crimes report. However, since a part of these funds have been recovered by the police and the corporation is hopeful of recovering the balance amount, no provision for the same has been made in the books of account.

(24) Earning per Share (Accounting Standard – AS 20)

| Particulars   | 2011-12     | 2010-11     |
|---|-------------|-------------|
| i) Profit for the year (Rs. In Lacs)                    | 2,023.38    | 1,187.73    |
| ii) Number of Equity Shares outstanding during the year | 3,83,000.00 | 3,73,000.00 |
| iii) Normal Value of Equity Shares (Rs.)                | 100.00      | 100.00      |
| iv) Basic and diluted profit per share (Rs.)            | 535.00      | 320.00      |

**Note: Since there is no effect of dilution of the potential equity shares, diluted earnings per share is the same as basic earnings per share.**

(25) Employee benefit expenses include remuneration to the Managing Director and Honorarium to the Chairman as under:-

| A. Remuneration to Managing Director | 2011-12          | 2010-11         |
|--------------------------------------|------------------|-----------------|
| i) Salary & allowances :-            | 11,76,709        | 2,11,569        |
| ii) Contribution to :-               |                  |                 |
| a) Leave Salary & Pension fund       | 3,27,599         | 0               |
| <b>Total :-</b>                      | <b>15,04,308</b> | <b>2,11,569</b> |
| <b>B. Sitting Fees :-</b>            | <b>34,000</b>    | <b>61,000</b>   |
| <b>Grand Total :-</b>                | <b>15,38,308</b> | <b>2,72,569</b> |

(26) Previous year's figures have been regrouped, whenever necessary, to make them comparable with those of the current year.

**(27) AS 18 - Related Party Disclosures**

|   |   |  |
|---|---|--|
| 1 | Party where control exists  | The Government of Gujarat                    |
| 2 | Other related parties with whom transactions have taken place during the year   |  |
|   | Joint Venture Company   | Nil  |
|   | Associates  | Nil  |
| 3 | Key Management Personnel & Their relatives:   |  |
|   | 1. Shri R.K. Tripathy, IAS (Chairman)<br>2. Shri.U.D.Singh, IFS (Managing Director)<br>3. Shri S.P. Sisodiya, IFS (Director) - as Additional Secretary-Dept. of Agriculture & Co-op<br>4. Dr. B.R.Shah (Director) - as Director of Agriculture<br>5. Shri N.C. Patel (Director) - as Vice Chancellor- Junagadh Agri. University<br>6. Shri R.N. Ninama (Director)<br>7. Dr. S.R. Chaudhari (Director) - as Director Agriculture<br>8. Shri S. Selvaraj (Director) |  |
|   | Nature of transactions with related parties   | Govt. of Gujarat<br>Key Management Personnel |
|   | (i) Remuneration  | Nil<br>15,04,308                             |
|   | (ii) Sitting Fees   | Nil<br>34,000<br>(deposited to govt. fund)   |
|   | (iii) allotment of Equity Share Capital   | 10,00,000<br>Nil                             |

**28. Defined Contribution towards Gratuity and Leave Encashment:**

The Following table sets out the status of gratuity scheme plans as at 31st March,2012.

| Particulars  | Gratuity     |              | Leave Encashment |             |
|--|--------------|--------------|------------------|-------------|
|  | 31/03/2012   | 31/03/2011   | 31/03/2012       | 31/03/2011  |
| <b>1. Assumption</b>   |              |              |                  |             |
| Discount Rate  | 8%           | 8%           | 8%               | 8%          |
| Salary Escalation  | 7%           | 7%           | 7%               | 7%          |
| <b>2. Table Showing Changes in present Value of Obligation As on</b> |              |              |                  |             |
| Present Value of Obligation as at                                    | 9,99,29,239  | 4,22,80,019  | 4,24,17,310      | 3,85,45,618 |
| Beginning of Year Interest Cost                                      | 79,94,339    | 33,82,402    | 33,93,385        | 30,83,649   |
| Current Service Cost   | 26,28,149    | 1,62,106     | 3,64,393         | 3,06,996    |
| Benefits Paid  | (59,77,070)  | (53,77,869)  | (30,14,823)      | (22,73,649) |
| Actuarial (gain) / Loss on Obligation                                | 35,66,444    | 5,94,82,581  | 31,63,847        | 27,54,696   |
| Present value of obligation as at end of year                        | 10,81,41,101 | 9,99,29,239  | 4,63,24,112      | 4,24,17,310 |
| <b>3. Table Showing changes in the fair value of plan Assets</b>     |              |              |                  |             |
| Fair value of plan assets at beginning of year                       | 10,82,76,518 | 46,54,49,795 | 4,63,00,377      | 4,11,50,334 |
| Expected return on plan assets                                       | 97,96,729    | 70,29,999    | 42,83,591        | 38,51,182   |
| Contributions  | 75,88,210    | 6,00,74,593  | 59,42,911        | 35,72,510   |
| Benefits Paid  | (59,77,070)  | (53,77,869)  | (30,14,823)      | (22,73,649) |
| Actuarial (gain) / Loss on plan assets                               | NIL          | NIL          | NIL              | NIL         |
| Fair value of plan assets at the end of year                         | 11,96,84,387 | 10,82,76,518 | 5,35,12,056      | 4,63,00,377 |
| <b>4. Table Showing fair value of plan Assets</b>                    |              |              |                  |             |
| Fair value of plan assets at beginning of year                       | 10,82,76,518 | 4,65,49,795  | 4,63,00,377      | 4,11,50,334 |
| Actual return on plan assets   | 97,96,729    | 70,29,999    | 42,83,591        | 38,51,182   |
| Contribution   | 75,88,210    | 6,00,74,593  | 59,42,911        | 35,72,510   |

|  |               |               |             |             |
|--|---------------|---------------|-------------|-------------|
| Benefits Paid  | (59,77,070)   | (53,77,869)   | (30,14,823) | (22,73,649) |
| Fair Value of plan assets at the end of year   | 11,96,84,387  | 10,82,76,518  | 5,35,12,056 | 46,30,037   |
| Funded status  | 1,15,43,286   | 83,47,279     | 71,87,944   | 38,83,067   |
| Excess of Actual over estimated return on plan assets NIL<br>(Actual rate of return = Estimated rate of return as ARD falls on 31st March) |               |               |             |             |
| <b>5. Actuarial (gain) / loss recognized</b>   |               |               |             |             |
| Actual (gain) / loss on obligations  | (35,66,444)   | (5,94,82,581) | (31,63,847) | (27,54,696) |
| Actual (gain) / loss for the year - plan assets  | NIL           | NIL           | NIL         | NIL         |
| Actual (gain) / loss on obligations  | 35,66,444     | 5,94,82,581   | 31,63,847   | 27,54,696   |
| Actual (gain) / loss recognized in the year  | 35,66,444     | 5,94,82,581   | 31,63,847   | 27,54,696   |
| <b>6.The amounts to be recognized in the balance sheet and statements of profit and loss</b>   |               |               |             |             |
| Present value of obligation as at end of year  | 10,81,41,101  | 9,99,29,239   | 4,63,24,112 | 4,24,17,310 |
| Fair value of plan assets at the end of year   | 11,96,84,387  | 10,82,76,518  | 5,35,12,056 | 4,63,00,377 |
| Funded status  | 1,15,43,286   | 83,47,279     | 71,87,944   | 38,83,067   |
| Net Asset / (liability) recognized in balance sheet  | (1,15,43,286) | (83,47,279)   | (71,87,944) | (38,83,067) |
| <b>7.Expenses Recognized in statement of profit and loss</b>   |               |               |             |             |
| Current Service cost   | 26,28,149     | 1,62,106      | 3,64,393    | 3,06,996    |
| Interest Cost  | 79,94,339     | 33,82,402     | 33,93,385   | 30,83,649   |
| Expected return on plan assets   | (97,96,729)   | (70,29,999)   | (42,83,591) | (38,51,182) |
| Net Actuarial (gain/loss recognized in the year Expenses. recognized in statement of Profit & Loss   | 35,66,444     | 5,94,82,581   | 31,63,847   | 27,54,696   |
|  | 43,92,203     | 5,59,97,090   | 26,38,034   | 22,94,159   |

**Signature of notes 1 to 24**

**For and on behalf of the Board of Directors**

|                  |                       |                   |                       |                          |
|------------------|-----------------------|-------------------|-----------------------|--------------------------|
| Gandhinagar      | <b>B.B. Kundariya</b> | <b>K.M Raval</b>  | <b>U.D. Singh IFS</b> | <b>R.K. Tripathy IAS</b> |
| 16th August,2012 | Manager (Finance)     | Company Secretary | Managing Director     | Chairman                 |

**As per our report of even date annexed**

Ahmedabad,  
16th August,2012

For Chandabhoy & Jassoobhoy  
Chartered Accountants  
Nimai Shah (Partner)  
Membership No. : 100932

**Gujarat State Seeds Corporation Ltd.**  
**Cash Flow Statement for the year ended 31st March, 2012**

| Particulars  | For the year<br>ended 31/03/2012 | For the year<br>ended 31/03/2011 |
|--|----------------------------------|----------------------------------|
| <b><u>A. Cash Flow from Operating Activities:</u></b>            |                                  |                                  |
| Profit/(Loss) for the year before taxation and exceptional items | 30,09,42,482                     | 17,53,82,149                     |
| <b><i>Adjustment for :</i></b>                                   |                                  |                                  |
| Depreciation and Amortization                                    | 29,37,025                        | 26,81,495                        |
| Profit on sale of Fixed Assets                                   | (4,27,897)                       | (4,28,835)                       |
| Excess provision written back                                    | 0                                | (17,650)                         |
| Interest Income  | (8,22,37,038)                    | (4,74,72,849)                    |
| Interest Expenses and Finance Charges                            | 1,57,217                         | 1,94,202                         |
| <b>Operating Profit before working capital Changes</b>           | <b>22,13,71,790</b>              | <b>13,03,38,512</b>              |
| <b><i>Adjustment for :</i></b>                                   |                                  |                                  |
| Assets   | (75,09,44,643)                   | 11,86,56,027                     |
| Inventories  | (7,21,08,340)                    | (4,70,91,750)                    |
| Trade payables, current liabilities & provision                  | 40,55,45,849                     | 14,97,85,739                     |
| Cash generated from operations                                   | (19,61,35,344)                   | 35,16,88,528                     |
| Perior Period Adjustment   | (5,80,271)                       | 3,25,424                         |
| Direct taxes Refund/(paid)                                       | (12,46,91,946)                   | (5,95,63,060)                    |
| Net Cash from operating activities                               | (32,14,07,561)                   | 29,24,50,892                     |
| <b><u>B. Cash flow from investing activities</u></b>             |                                  |                                  |
| Purchase of fixed assets   | (2,69,41,269)                    | (1,75,28,557)                    |
| Sale of Fixed Assets   | 5,27,500                         | (4,51,790)                       |
| Interest recieved  | 5,97,11,793                      | 4,60,45,441                      |
| Increase in Deferred Income Govt. Grant                          | 8,11,20,000                      | (5,69,38,375)                    |
| Net Cash used in investing activities                            | 11,44,18,024                     | (2,88,73,281)                    |
| <b><u>C. Cash flow from financing activities</u></b>             |                                  |                                  |
| Dividend paid (Including Dividend Dist. Tax)                     | (4,98,35,006)                    | (41,18,570)                      |
| Increase in share capital  | 10,00,000                        | 10,00,000                        |
| Interest and Finance Charges                                     | 0                                | (1,94,202)                       |
| Net Cash flow from financial activities                          | (4,88,35,006)                    | (33,12,772)                      |
| Net Increase/(Decrease) in cash and cash equivalents             | (25,58,24,543)                   | 26,02,64,838                     |
| cash and cash equivalents Opening 1st April, 2011                | 48,97,32,732                     | 22,94,67,894                     |
| cash and cash equivalents closing 31st March, 2012               | 23,39,08,189                     | 48,97,32,732                     |

**For and on behalf of the Board of Directors**

|   |                       |                             |                       |                          |
|---|-----------------------|-----------------------------|-----------------------|--------------------------|
| Gandhinagar                                   | <b>B.B. Kundariya</b> | <b>K.M Raval</b>            | <b>U.D. Singh IFS</b> | <b>R.K. Tripathy IAS</b> |
| 16th August,2012                              | Manager (Finance)     | Company Secretary           | Managing Director     | Chairman                 |
| <b>As per our report of even date annexed</b> |                       | For Chandabhoy & Jassoobhoy |                       |                          |
| Ahmedabad,                                    |                       | Chartered Accountants       |                       |                          |
| 16th August,2012                              |                       | Nimai Shah (Partner)        |                       |                          |
|   |                       | Membership No. : 100932     |                       |                          |