



**NATH SEEDS LIMITED**

**ANNUAL REPORT**

**2011**



## NATH SEEDS LIMITED

For Production, Processing & Marketing of  
HYBRID SEEDS

### **DIRECTORS**

Satish Kagliwal  
Akash Kagliwal  
Shrirang Agrawal  
Kumar Anvikar  
Radhesham Attal

### **COMPANY SECRETARY**

Krutika Apte

### **AUDITORS**

Gautam N Associates  
Chartered Accountants  
Shangrilla Complex, 2<sup>nd</sup> Floor  
C.B.S. Road, Aurangabad – 431005

### **BANKERS**

Janakalyan Sahakari Bank Ltd.,  
22-23, Mahendra Chambers  
First Floor, D.N. Road  
Fort Mumbai

### **REGISTERED OFFICE**

Nath House  
Nath Road  
Aurngabad 431005

### **ADMINISTRATIVE OFFICE**

1, Chateau Windsor  
86, Veer Nariman Road  
Churchgate  
Mumbai – 400 020

## NOTICE

Notice is hereby given that the ANNUAL GENERAL MEETING of NATH SEEDS LIMITED will be held at the Registered Office of the company at Nath House, Nath Road, Aurangabad-431005 on Friday the 30<sup>th</sup> September, 2011 at 4 p.m., to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011 and the Balance Sheet as at that date.
2. To appoint Auditors of the company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their Remuneration and for the purpose, to consider and if thought it, to pass with or without modification the following resolution as ordinary resolution;

“Resolved That pursuant to the provisions of Section 224 and other applicable provisions, if any of the Companies Act, 1956, M/s Gautam Nandavat & Associates, Chartered Accountants, Aurangabad, the retiring Auditors be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period.”

3. To appoint Mr. Radheshyam Attal as Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.

By order of the Board of Directors

Date: 5<sup>th</sup>, September 2011

Registered Office: Nath House  
Nath Road,  
Aurangabad-431005

Krutika Apte  
Company Secretary

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NOTES: 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. The Proxy Forms duly completed must reach the Registered Office of the company not less than forty Eight Hours before the commencement of the meeting.

3. Pursuant to Section 154 of the Companies Act 1956, The Register of Members and Share Transfer Books of the Company will be closed on 29<sup>th</sup> September 2011.

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NOTES

**ITEM NO 3**

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT

NAME OF DIRECTOR	Mr. Radhyesham Attal
Date of Birth	23.01.1957
Date of Appointment	27.06.1991
Qualification	Bachelor of Commerce
Experience in special functional area	Industrialist with rich business experience
Chairman/ Director of other companies	NIL
Chairman/ Member of Committees of other Companies	NIL
No of shares held in the Company	1469

By order of the Board of Directors

Date: 5<sup>th</sup>, September 2011

Registered Office: Nath House  
Nath Road,  
Aurangabad-431005

Krutika Apte  
Company Secretary

## DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report together with the Audited Accounts of your Company for the financial year ended 31<sup>st</sup> March 2011.

### FINANCIAL RESULTS

(Rs In Lacs)

Sr. No	PARTICULARS	YEAR ENDED	
		31.03.2011	31.03.2010
1.	Sales	1591.44	2822.06
2.	Profit before Interest & Depreciation	213.67	29.97
3.	Interest	106.89	96.89
4.	Depreciation	3.59	3.78
5.	Profit Before Tax	103.19	-70.70
6.	Tax Provision	0	0
7.	Profit After Tax	103.19	-70.70
8.	Extra-Ordinary Items	5.26	1.3
9.	Profit carried to Balance Sheet	108.45	-72

### OVERALL PERFORMANCE AND OUTLOOK

The turnover of the Company during the financial year was Rs 1591 Lacs as against last year's 2822 Lacs. During this year the Company has sold land worth 79 Lacs and the same has been included in the sales. The Company is positive about its future growth.

### MANAGEMENT REVIEW ANALYSIS

#### i. INDUSTRY STRUCTURE AND DEVELOPMENT

Agriculture remains a pivotal part of the Indian Economy despite the emergence of other sectors and decreasing GDP Share. The Agri-inputs industry produces products that provide essential support to modern agriculture. The Seed is one of the most crucial inputs in agricultural production.

We continued to play a dominant role in the seed industry & the Company is now dealing in all types of Hybrid seeds. We have been in this business since inception and have made tremendous inroads in the seeds markets.

The main stay of the company is cotton seed, for which we have already developed a Bt Seed, suitable for Indian Markets.

#### ii. OPPORTUNITIES AND THREATS

The company had been majoring on cotton seed over the last few years. However, we have now begun to concentrate on other crops, especially Paddy and then subsequently wheat thereby changing the product mix of the company. We have also been concentrating on Research & Development, with a focus to release new hybrid seeds every 2-3 years. With the growing seed industry, the company is all poised to reap rich dividends.

The monsoon factor plays a very important role in the seed industry, basically because majority of the agrarian society of the nation is dependent on rains. This factor has played a significant role in the past and would continue to be a factor for future too.

iii. **SEGMENTATION OR PRODUCT-WISE PERFORMANCE**

Although the Company deals in research of various types of hybrid seeds, the seed as such is a single product, and hence is reported as one segment. However, we keep a track on the product performances and apart from Cotton; Paddy & Wheat have also been performing well.

iv. **OUTLOOK, RISK AND CONCERNS**

The main risk in the seed industry is erratic monsoon, which is beyond control. The Company feels that with the modernization in Irrigation systems, the seed industry would be able to face the situation better in future. There is an opportunity to accelerate growth in the farming sector which has remained stagnant for over past two decades.

However, several other factors like floods, drought and macro economic factors like demand and supply of end products will have an impact on this industry.

v. **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

There is adequate internal control system in the company through internal audit and regular operational reviews.

vi. **DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT**

During the year a number of key HR initiatives were taken up to link business objectives with employee performance. The human resources of the Company are adequately motivated to work towards optimal performance. The industrial relations are also cordial.

## **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices as prevalent globally.

The Report on Corporate Governance as stipulated under Clause 49 of Listing Agreement forms part of the Annual Report. The Requisite Certificate from the Auditors of the Company, Gautam N Associates, Chartered Accountants, Aurangabad confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this report.

## **DIVIDEND**

Given the growth requirements of the business and the inadequacy of profits in the Company, the Directors have not recommended any dividend for the financial year 2010-11.

## **DEPOSITS**

The Company has accepted Fixed Deposits as per section 58A of the Companies Act, 1956, and has strictly adhered to all the applicable laws and regulations including the Companies Act, 1956 read with Rules issued thereunder. The Company has complied with all the necessary requirements while accepting deposits. .

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNING & OUTGO:**

In terms of rule 2 of The Companies (Disclosure of particulars in the report of Board of Directors Rules, 1988) the relevant particulars are given as under.

Conservation of Energy:

The Company has taken necessary measure to achieve economy in consumption of energy.

Technology Absorption & Research and Development:

The company has employed state-of-the-art technology, wherever applicable.

Expenditure on R & D	NIL
Foreign Exchange Earning and Outgo: Earnings	NIL
Outgo	NIL

## **DIRECTORS**

Mr. Radhyesham Attal, Director retires by rotation and being eligible offers himself for re-appointment. Pursuant to Clause 49 of the Listing Agreement, Details of Directors retiring by rotation is provided as part of the Notice of the ensuing Annual General Meeting.

## **COMPANY SECRETARY**

Pursuant to the provisions of the Companies Act, 1956, your company has appointed Ms. Krutika Apte as a full time Company Secretary of the Company for ensuring the compliance of all necessary statutory requirements and procedures.

## **AUDITORS**

M/s Gautam Nandavat Associates, Chartered Accountants, Aurangabad retire at the ensuing Annual General Meeting and being eligible, have expressed their willingness to continue, if so appointed. As required under the provisions of Section 224 of the Companies Act, 1956 your Company has obtained a written certificate from the Auditors proposed to be re-appointed to the effect that their re-appointment , if made would be in conformity with the limits specified in the said section.

The Board hereby requests the members to reappoint M/s Gautam Nandavat Associates, Chartered Accountants, Aurangabad as the Auditors for the current year.

## **AUDITORS REPORT**

The Auditors in their Report have made certain comments which are self-explanatory, and therefore, in the opinion of the Directors, do not call for any further explanation.

## **PARTICULARS OF EMPLOYEES**

As required by Section 217 (2 A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the information be treated as NIL, as no employee is drawing salary equals to or above the limits mentioned in the said Section and Rules.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217 (2AA) of Companies Act, 1956, the Board of Directors hereby confirms that,

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- ii. It has in the selection of the accounting policies, consulted the Statutory Auditors and has 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 as at 31<sup>st</sup> March, 2011 and of the profits of the company for that period.
- iii. It has 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, to the best of its knowledge and ability. There are however, inherent limitations, which should be recognized while relying on any system of internal control and records.
- iv. It has prepared the annual accounts on a going concern basis.

## **INSURANCE**

All the insurable interest of the company, including Inventories, Buildings, Machinery etc, is adequately insured.

## **ACKNOWLEDGEMENT**

The employees of NATH SEEDS LIMITED continue to work with great dedication and commitment. The Board desires to place on record its appreciation to all the employees of the company during the year under review.

The Board also acknowledges the support given by Banks, Financial Institutions and Government Authorities.

For and on behalf of the Board of Directors

5<sup>th</sup> September 2011  
Registered Office:  
Nath House,  
Nath Road,  
Aurangabad-431005

Whole Time Director  
Satish Kagliwal

Director  
Akash Kagliwal



# CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is listed below:

## MANDATORY REQUIREMENTS

### 1. Company's Philosophy

The Company's philosophy on Corporate Governance envisages the attainment of high level transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including its interaction with employees, shareholders, creditors, consumers and institutional and other lenders and places due emphasis on regulatory compliance.

Traditional views of governance as a regulatory and compliance requirement have given a way for adoption of governance as an integral part of the Company. Several initiatives have been taken for maintaining the highest standards which include efficient shareholders' communications, observance of Secretarial Standards issued by the Institute of Company Secretaries of India, Best Governance Practices.

The Company will continue its journey in raising the standards in Corporate Governance and will also review its systems and procedures constantly to keep pace with the changing economic environment.

### 2. The Board of Directors

#### Composition and Status of Directors

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he/she is a Member/Chairman are as under:-

Name of the Director	Category	No of Public Directorships	Committee Membership	Committee Chairmanship
Mr. Satish Kagliwal	Promoter Executive	5	4	-
Mr. Akash Kagliwal	Promoter Executive	9	8	2
Mr. Radhasham Attal	Independent Non-Executive	0	2	-
Mr. Kumarrao Anvikar	Independent Non-Executive	0	2	2
Mr. Shrirang Agrawal	Independent Non Executive	6	4	4

The present strength of the Board of Directors is 5.

#### Attendance of Directors at the Board Meeting

During the year ended 31<sup>st</sup> March 2011, Six Board of Directors Meetings were held on 30<sup>th</sup> April 2010, 30<sup>th</sup> July 2010, 3<sup>rd</sup> September 2010, 25<sup>th</sup> October 2010, 30<sup>th</sup> October 2010, 31<sup>st</sup> January 2011. The interval between two meetings did not exceed four months. The attendance of each Director at Board of Directors Meetings is as under;

<b>Name of Director</b>	<b>No. of Board Meetings</b>
Mr. Satish Kagliwal	6
Mr. Akash Kagliwal	6
Mr. Radhasham Attal	6
Mr. Kumarrao Anvikar	6
Mr. Shrirang Agrawal	6

All significant information had been place before the Board.

### **3. Code of Conduct**

The company has formulated and adopted a code of business conduct and ethics to guide our transactions with our colleagues, communities, customers, governments, investors, regulators and society. Requisite Annual Affirmations of compliance with the respective code have been made by the directors and the management of the company.

### **4. Committees of the Board**

#### **A. Audit Committee**

##### **(i) Broad Terms of Reference**

The terms of reference of the Audit Committee include:

- To review the Company's financial reporting process and its financial statements.
- To review the accounting and financial policies and practices.
- To review the efficacy of the internal control mechanism and monitor risk management policies adopted by the Company and ensure compliance with regulatory guidelines.
- To review reports furnished by the internal and statutory auditors and ensure that suitable follow-up action is taken.
- To examine accountancy, taxation and disclosure aspects of all significant transactions.

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Agreement.

##### **(ii) Composition**

The Audit Committee comprises of 3 Directors. The Chairman of the Committee is an Independent, Non-executive Director. During the year ended 31<sup>st</sup> March 2010, four audit committee meetings were held on 30<sup>th</sup> April 2010, 30<sup>th</sup> July 2010, 30<sup>th</sup> October 2010, 31<sup>st</sup> January 2011. The constitution of the Audit Committee and attendance of the members of the meetings was as under;

<b>Name of Director</b>	<b>Status</b>	<b>No. of Meetings attended</b>
Mr. Kumarrao Anvikar	Chairman, Independent Non Executive	4
Mr. Radhesham Attal	Member, Independent, Non-Executive	4
Mr. Akash Kagliwal	Member, Promoter, Executive	4

## **B. SHARE TRANSFER APPROVAL COMMITTEE & SHAREHOLDERS INVESTOR GRIEVANCES COMMITTEE.**

### **(i) Broad Terms of Reference**

The Shareholders Investor Grievances & Share Transfer Approval Committee comprising of three directors has been constituted with the necessary powers to carry out Share transfers, dematerialization/re-materialization of shares as well as handling shareholders/investor grievances. In short, the terms of reference of the Committee include, redressal of shareholders and investors complaints, regarding transfer and transmission of shares, dematerialization of shares and issue of duplicate share certificates, non-receipt of Balance Sheet etc. The Committee also oversees the performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

### **(ii) Composition**

The Committee comprises of 3 Directors. The Committee met four times during the year and attendance of the members at the meetings was as under:

<b>Name of Director</b>	<b>Status</b>	<b>No. of Meetings attended</b>
Mr. Kumarrao Anwikar	Chairman, Independent Non Executive	4
Mr. Radhesham Attal	Member, Independent, Non-Executive	4
Mr. Akash Kagliwal	Member, Promoter, Executive	4

### **(iii) Details of Shareholders' complaints**

The company during the year received 12 complaints. There were NIL complaints pending disposal as on 31<sup>st</sup> March 2011.

### **(iv) Compliance Officer**

Ms. Krutika Apte is the Compliance officer of the Company for complying with requirements of SEBI Regulations and the Listing Agreements of the Stock Exchanges in India.

### **(v) Company Secretary**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with the applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. Ms. Krutika Apte has been appointed as the Company Secretary of the Company.

**C. Remuneration Committee:** The remuneration Committee has been dissolved during the year with due consent of Board of directors.

## 5. Details of General Body Meetings

The location and time where last three Annual General Meetings of the Company were held as under:-

Financial Year	Place	Date	Time
2009-10	Nath House, Nath Road, Aurangabad (MAH) 431005	30 <sup>th</sup> September 2010	4.00 PM
2008-09	Nath House, Nath Road, Aurangabad (MAH) 431005	30 <sup>th</sup> September 2009	4.00 PM
2007-08	Nath House, Nath Road, Aurangabad (MAH) 431005	30 <sup>th</sup> September 2008	4.00 PM

No special resolution was put through postal ballot at the last Annual General Meeting. No votes are proposed to be conducted through postal ballot this year.

## 6. Means of communication

(a) Quarterly Results: The Board of Directors of the Company approved and took on record communicated the Unaudited Results of the Company to the Stock Exchanges and displayed the same on the Company's website [www.nathseeds.com](http://www.nathseeds.com).

(b) News Releases, Presentations: Official news, Releases are displayed on the Company's website [www.nathseeds.com](http://www.nathseeds.com).

(c) Annual Report: The Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto.

(d) Designated E-mail-id: The Company has designated the following Email-id exclusively for investors.

investor@nathseeds.com

## 7. Disclosures

- No transaction of material nature has been entered into by the Company with directors or management and their relatives, etc. that may have a potential conflict with the interest of the Company.

- There are some financial & operating transactions with its Promoters & Directors & associate concerns which are not conflicting Company's interest. The details of such transactions have been shown in Note No.14 of Schedule 21 forming part of the financial statement for the year ended 31<sup>st</sup> March, 2011.

- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any other statutory authority on any matter related to capital markets, during the last three years : Nil

- The Company has not established any mechanism as referred under Whistle Blower policy.

- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause: The Company has complied with all mandatory requirements. No non-mandatory requirements were adopted.

## **8. Shareholders information**

### **a. Registered Office**

Nath Seeds Limited  
Nath House  
Nath Road, Aurangabad  
Maharashtra, 431 005

### **b. Annual General Meeting**

#### **c.**

<b>Location</b>	<b>Nath Seeds Limited Nath House, Nath Road Aurangabad, 431005</b>
<b>Date &amp; Time</b>	30 <sup>th</sup> Sep 2011 4.00 PM

#### **c. Date of Book Closure**

The register of share holders of the Company will remain closed on Thursday 29<sup>th</sup> September, 2011.

#### **d. Financial Calendar**

- Financial Reporting for the Quarter Ending 30<sup>th</sup> June 2011 by July 2011.
- Financial Reporting for the Quarter Ending 30<sup>th</sup> September 2011 by October 2011.
- Financial Reporting for the Quarter Ending 31<sup>st</sup> December 2011 by January 2012.
- Financial Reporting for the Quarter Ending 31<sup>st</sup> March 2012 by April 2012.
- Annual General Meeting for the Year ending 31<sup>st</sup> March 2012 by September 2012.

#### **e. Listing on Stock Exchanges and ISIN No.**

The Company's shares are listed at the Stock Exchange, Mumbai, National Stock Exchange of India Limited, Mumbai and the Stock Exchange Ahmadabad, under ISIN No. INE778A01021, by National Securities Depository Limited and Central Depository Services (India) Limited. The shares of the company fall under the category of compulsory delivery in de materialized mode by all category of investors. However, as explained in paragraph (c) above, the shares of the company are still not traded in the exchanges.

#### **f. Listing Fee Status**

Bombay Stock Exchange	Paid for the year 2011-2012
National Stock Exchange	Paid for the year 2011-2012
Ahmadabad Stock Exchange	Paid for the year 2011-2012

**g. Stock Code**

Stock Exchange	Stock Code	Trade Symbol
Bombay Stock Exchange	526576	NATHSE
National Stock Exchange	NATHSEEDS	NATHSEEDS
Ahmedabad Stock Exchange	NATHSEEDS	NATHSEEDS

**h. Stock Market Data**

The Shares of the company are not traded since March 2004 pending listing, pursuant to the Scheme of Reconstruction and Rearrangement approved by the Judicature of High Court of Mumbai. .

**i. Registry and Transfer activity**

As per the SEBI guidelines, the Registry and Share transfer activity is being handled by M/s Big Share Services Private Limited, INR 00001385. The Share Transfer requests received in physical form are normally registered within 30 days from the date of receipt.

**j. Distribution of Share Holding as on 31<sup>st</sup> March 2011**

Shareholding of Nominal Value (Rs.)	No. of Holders	% of Total Holders	Total Shares	% of Total
0-5000	27036	84.83	3301265	23.04
5001-10000	2861	8.97	1868153	13.04
10001-20000	1139	3.57	1539141	10.74
20001-30000	382	1.19	964054	6.72
30001-40000	119	0.37	410700	2.86
40001-50000	74	0.23	326175	2.27
50001-100000	156	0.48	1028212	7.17
Above-100001	102	0.32	4888300	34.12
<b>Total</b>	<b>32138</b>	<b>100.00</b>	<b>14326000</b>	<b>100.00</b>

**k. Share Holding Pattern as on 31<sup>st</sup> March 2011**

Category	No. of Shares	% of Capital
Indian Promoters	4963591	34.65
Persons acting in Concert	0	0
<b>Sub Total</b>	<b>4963591</b>	<b>34.65</b>
Non Promoter Holding		
Mutual Funds	5162	0.04
Banks/Financial Institutions	105734	0.74
Foreign Institutional Investors	1450	0.01
<b>Sub Total</b>	<b>112346</b>	<b>0.79</b>
Others		
Private Corporate Bodies	1426045	9.95
Indian Public	7733248	53.98
NRI/OCB	90770	0.63
<b>Sub Total</b>	<b>9250063</b>	<b>64.57</b>
<b>Total</b>	<b>14326000</b>	<b>100.00</b>

**I. Plant Location**

Nath Seeds Limited,  
Nath House, Nath Road,  
Aurangabad – 431 005  
Phone No.: (0240) 2376314-17 Fax No. : (0240) 2376188  
Email: mail@khurana.co.in

**m. Investor Correspondence**

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address and any other query relating to the shares of the Company, please write to;

Big Share Services Pvt. Ltd,  
E2/3, Ansa Industrial Estate  
Sak Vihar Road, Saki Naka,  
Andheri (East), Mumbai – 72

For any query on Annual Report please write to;

Ms. Krutika Apte  
Company Secretary  
Nath Seeds Limited,  
Nath House, Nath Road,  
Aurangabad-431005  
Email: [investor@nathseeds.com](mailto:investor@nathseeds.com)

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

**Aurangabad**  
**Dated: 5<sup>th</sup> September 2011**

**Whole Time Director**  
**Satish Kagliwal**

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF  
CORPORATE GOVERNANCE**

To,  
The Members of  
Nath Seeds Limited  
Aurangabad

We have examined the compliance of conditions of corporate governance by Nath Seeds Limited for the year ended on 31<sup>st</sup> March 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The Compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanation given to us, we certify that the company has generally complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

On the basis of the representation received from Registrar and Share Transfer agent and as per the records maintained by the Company which are presented to the Share Transfer Approval Committee, we state that no Investor grievances are pending for a period exceeding one month as on 31<sup>st</sup> March 2011.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Gautam N. Associates  
Chartered Accountants

Gautam Nandawat  
Proprietor

Place: Aurangabad  
Dated: 5<sup>th</sup> September 2011



**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)  
CERTIFICATION**

To the Board of Directors of Nath Seeds Limited

Dear Sirs,

**SUB: CEO/CFO Certificate**

(Issued in accordance with the provisions of Clause 49 of the Listing Agreement)

We Satish Kagliwal, Whole Time Director and Devinder Khurana, Vice President Finance of Nath Seeds Limited, to the best of our knowledge and belief, certify that:

We have reviewed the financial statements, read with cash flow statement of Nath Seeds Limited for the year ended March 31, 2011 and that to the best of our knowledge and belief, we state that:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and We have evaluated the effectiveness of internal control systems of the company if any, and the steps taken or proposed to be taken for rectifying these deficiencies.

We have indicated to the auditors and the Audit committee;

- (i) That there are no significant changes in internal control over the financial reporting during the year;
- (ii) significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) That there are no frauds of which we have become aware and the involvement therein, if any of the management or an employee.

For an on behalf of the Board of Directors

Aurangabad  
Dated: 5<sup>th</sup> September 2011

Whole Time Director  
Satish Kagliwal

Vice President (Finance)  
Devinder Khurana

## **DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

In accordance with Sub Clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I Satish Kagliwal, Whole Time Director of the Company hereby confirm that the Board members and the senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial Year ended 31<sup>st</sup> March, 2011.

For an on behalf of the Board of Directors

Aurangabad  
Dated: 5<sup>th</sup> September 2011

Whole Time Director  
Satish Kagliwal

## AUDITORS' REPORT

To,  
THE MEMBERS  
NATH SEEDS LIMITED

1. We have audited the attached Balance Sheet of **NATH SEEDS LIMITED** as at 31<sup>st</sup> March 2011, the Profit and Loss Account and also Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (hereinafter referred to as the "Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
  - a) *The accounts of certain Creditors, Unsecured Loans, Certain current account balances with banks, Deposits, Loans and Advances (including inter transfer party balances) are subject to confirmations and reconciliation. (Refer Note No.4 (b) and (c) in Schedule 21);*
  - b) *We are unable to express an opinion with regard to the extent of recoverability of certain interest free loans & advances of Rs 3,64,19,402 (Previous Year Rs. 2,15,99,792) due from various associate companies. It is, however, explained by the management that the amount would be recovered in due course of time and that no provisioning is required at this stage. (Refer Note No. 3 (c) in Schedule -21)*
  - c) *No provision has been made for interest amounting to Rs. 6,68,61,604 (including Rs. 1,51,93,722 for the current year) in respect of loan taken from a financial institution in anticipation of waiver of interest. (Refer Note No 8 in schedule 21) Had this observation made by us been considered the loss for the year would have been Rs 43,48,370 (as against reported profit figure of Rs.1,08,45,352), accumulated losses would have been Rs. 54,93,99,208 (as against reported figure of Rs.48,25,37,604) and unsecured loans would have been Rs. 13,49,65,265 (as against reported figure of Rs.6,81,03,661).*
  - d) *The Company has reconciled and accounted for an additional land of 9695 sq feet during the year for the reasons stated in note no 15(b) in Schedule -21.*

- e) On the basis of written representations received from the directors of the Company as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director of the Company as on 31<sup>st</sup> March 2011 in terms of section 274(1)(g) of the Act.
  
- f) *Subject to what is stated at paragraphs (a) and (d) above; 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;*
  
- g) *Subject to what is stated at paragraphs (b) to (c) above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;*
  
- h) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  
- i) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the Accounting Standards referred to in Section 211(3C) of the Act, to the extent applicable;
  
- j) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to what is stated in paragraphs (a) above, Note No 11 in Schedule 21 regarding execution of registered sale deed and note no 6 regarding shareholders' approval u/s 149(2A) of the Act, having consequential impact, (presently not ascertainable) on the profit for the year, Reserves and Surplus, Assets and Liabilities of the Company and also subject to Note No. 7 in Schedule 21 regarding granting of loans after making default in repayment of public deposits in non-compliance with the provisions of Section 372A (4) of the Act and read together with Significant Accounting Policies, Contingent liabilities and other Notes appearing in said Schedule and elsewhere in the Financial Statements, and our comments in Annexure referred to in paragraph (3) above,* give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- I. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011; and
- II. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
- III. in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For Gautam N Associates  
Chartered Accountants

(Gautam Nandawat)  
Proprietor  
Firm Registration No 103117W

Place: Aurangabad  
Dated: 5<sup>th</sup> September 2011

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in Para 3 of our report to the Members of Nath Seeds Limited for the year ended 31<sup>st</sup> March, 2011.

- i) a) The Company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets.
- b) As explained to us, some of the fixed assets have been physically verified by the management during the year according to the phased program of verification, which in our opinion is reasonable having regard to the size of the Company and nature of its fixed assets. As explained, no material discrepancy was noticed on such verification.
- c) The Company has not disposed off any substantial part of its fixed assets during the year.
- ii) a) The physical verification of the inventory has been carried out at reasonable intervals by the management.
- b) *The procedures of physical verification of inventory followed by the management in respect of land need to be improved having regard to the size of the company and nature of its business.*
- c) *The company has to improve upon the maintenance of proper records of land inventory.* The discrepancies found on physical verification have been properly dealt with in the accounts. Reference is however invited to Note No 15(b) in Schedule 21.
- iii) a) The Company has taken unsecured loans from seven companies covered in the register maintained under section 301 of the Act. The maximum balance of the above parties was Rs 7,59,90,151 and the year-end balance was Rs 1,99,48,771. The Company has given advances to five companies covered in the register maintained under section 301 of the Act. The maximum balance of the above parties was Rs. 6,06,72,222 and the year-end balance was Rs 5,64,22,222.
- b) In our opinion, the rate of interest, wherever applicable, and other terms and conditions on which the loan have been taken from / granted to companies, listed in the register maintained under section 301 of the Act, are, prima facie not prejudicial to the interest of the company for the reasons stated in Note No. 3(b) of Schedule– 21.
- c) *In absence of specific terms as to repayment of principal in respect of the loans taken/given, we are unable to comment as to whether those have been repaid / recovered on time.*

- iv) *In our opinion and according to the information and explanations given to us, internal control procedures need to be strengthened to make them commensurate with the size of the Company and nature of its business with regard to purchase and sale of inventory.*
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Act, have been so entered.
- b) In our opinion, the transactions of sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs. 5,00,000 or more in respect of each party have been made at prices prevailing for such goods and materials or prices at which transactions for similar goods and materials have been made with other parties. There were no transactions for purchase of goods and sale of services with these parties during the year.
- vi) Deposits accepted from the public are within the limits prescribed under section 58A and 58AA of the Act and Rules framed there under. *However, the company has not complied with the relevant provisions of the said section and the Regulations framed there under in as much as that the liquid assets as prescribed in the Rules were not maintained and certain other procedural formalities have not been complied with.*
- vii) *The company does not have internal audit system during the year.*
- viii) The Central Government has not prescribed for maintenance of cost records under Section 209(1)(d) of the Act, for the products of the Company
- ix) a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including investor education fund, professional tax, provident fund, sales tax, wealth-tax, cess and other statutory dues applicable to it *except the fringe benefit tax*. The followings are outstanding as at balance sheet date.

No	Sr	Name of the Statute	Nature of the dues	Amount (Rs)
1.		Income Tax Act,	TDS	14,381
2.		Income Tax Act,	Fringe Benefit Tax	41,904

- b) According to the information and explanations given to us, no disputed amounts are payable in respect of dues of sales tax, customs duty, wealth tax, and cess except Income Tax as mentioned in note 2 (a) in Schedule– 21. The Company has deposited Rs. 53,98,686 on account income tax which is being contested in appeal .
- x) The accumulated losses of the company are more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit, however incurred cash losses immediate proceeding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to Maharashtra State Financial

Corporation, a financial institution, for an amount of Rs 4,12,60,082 since last 8 years.

- xii) In our opinion, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society.
- xiv) In our opinion, the company is not dealing or trading in shares, securities, debenture and other investments.
- xv) As per the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial during the financial year.
- xvi) As per the information and explanations given to us, the company has not obtained term loan during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that generally no funds raised on short-term basis have been used for long-term investment and vice versa.
- xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
- xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- xx) The company has not raised any money by public issues during the period.
- xxi) During the course of our examination of the books of accounts carried out in accordance with generally accepted accounting practices in India, we have neither come across any incidence of fraud during the year on or by the company nor have we been informed of any such case by the management.

For Gautam N Associates  
Chartered Accountants

(Gautam Nandawat)  
Proprietor  
Firm Registration No 103117W

Place: Aurangabad:  
Dated: 5<sup>th</sup> September 2011



**NATH SEEDS LIMITED**  
**BALANCE SHEET AS AT 31st MARCH, 2011**

	Schedule	As at 31st March 2011 (Rs.)	As at 31st March 2010 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	150,782,360	150,782,360
Reserves and Surplus	2	511,615,392	511,615,392
<b>LOAN FUNDS</b>			
Secured Loans	3	73,821,303	71,108,101
Unsecured Loans	4	68,103,661	72,615,399
		<b>804,322,716</b>	<b>806,121,252</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
a) Gross Block	5	274,733,800	274,733,800
b) Less: Depreciation		9,597,860	9,238,642
c) Net Block		<b>265,135,940</b>	<b>265,495,158</b>
<b>INVESTMENTS</b>			
	6	4,783,929	4,433,929
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	20,650,935	14,985,862
Sundry Debtors	8	-	46,852,398
Cash and Bank Balances	9	8,508,229	6,065,717
Loans and Advances	10	79,914,975	27,472,405
		109,074,139	95,376,382
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	57,208,895	52,567,172
<b>NET CURRENT ASSETS</b>			
		51,865,244	42,809,210
<b>PROFIT AND LOSS ACCOUNT</b>			
	12	482,537,604	493,382,956
		<b>804,322,716</b>	<b>806,121,253</b>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS			
	21		
SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS			
AS PER OUR ATTACHED REPORT OF EVEN DATE			
For Gautam N Associates Chartered Accountants		For and on behalf of Board of Directors	
(Gautam Nandawat) Proprietor Firm Registration No 103117W	Satish Kagliwal Whole Time Director	Akash Kagliwal Director	Krutika Apte Company Secretary
Place: Aurangabad Dated: 5th September 2011			

**NATH SEEDS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	For the year ended on 31st March 2011 (Rs )	For the year ended on 31st March 2010 (Rs )
<b>INCOME</b>			
Sales	13	159,143,535	282,206,321
Other income	14	1,194,838	1,197,510
Increase(+)/Decrease (-) in Stock	15	5,665,073	5,054,463
		<b>166,003,446</b>	<b>288,458,294</b>
<b>EXPENDITURE</b>			
Purchase (Trading)	16	131,944,359	274,657,567
Payment to and provision for Employee	17	6,075,542	5,475,582
Administrative and Selling Expenses	18	6,437,092	5,328,087
Interest and Finance Charges	19	10,868,365	9,689,096
		155,325,357	295,150,331
Profit before Depreciation		10,678,089	(6,692,038)
Depreciation / Amortization		359,218	378,124
Profit before prior period expenses		10,318,871	(7,070,162)
Extra-Ordinary Items and Prior period expenses	20	526,481	(139,193)
Profit before tax		10,845,352	(7,209,355)
Income Tax		-	-
Profit (+) / Loss (-) carried to Balance Shee		10,845,352	(7,209,355)
Basic and Diluted Earnings per Share		(0.73)	(1.90)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS	21		
SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS			
AS PER OUR ATTACHED REPORT OF EVEN DATE			
For Gautam N Associates		For and on behalf of Board of Directors	
Chartered Accountants			
(Gautam Nandawat) Proprietor Firm Registration No 103117W	Satish Kagliwal Whole Time Director	Akash Kagliwal Director	Krutika Apte Company Secretary
Place: Aurangabad Dated: 5th September 2011			

**NATH SEEDS LIMITED**

<b>SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011</b>	<b>As at 31st March, 2011 (Rs.)</b>	<b>As at 31st March, 2010 (Rs.)</b>
<b>SCHEDULE-1</b>		
<b>SHARE CAPITAL</b>		
AUTHORIZED :		
2,47,00,000 Equity Shares of Rs.10 each	247,000,000	247,000,000
1,30,000 16% Cumulative Redeemable Preference Shares of Rs.100 each	13,000,000	13,000,000
	<b>260,000,000</b>	<b>260,000,000</b>
ISSUED, SUBSCRIBED AND PAID UP :		
1,43,26,336 Equity Shares of Rs. 10 each fully paid up*	143,263,360	143,263,360
75190 16% Cumulative Redeemable Preference Shares of Rs.100 each Shares of Rs.100 each **	7,519,000	7,519,000
	<b>150,782,360</b>	<b>150,782,360</b>
* Out of above 3,48,000 (Previous year 3,48,000) equity shares were issued as fully paid bonus shares by way of capitalization of General Reserve		
**Preference shares of Rs. 58,00,000 (previous year 58,00,000) and Rs 17,19,000 (previous year Rs. 17,19,000) were redeemable at par in three equal installments at the end of 3rd, 4th and 5th year from the date of allotment viz 16.01.1996 and 22.05.1996 respectively		
The redemption of preference shares could not be made and no dividend was declared resulting in entitlement of voting power to the preference share holders.		

**SCHEDULE-2**

<b>RESERVES AND SURPLUS</b>		
Securities Premium	251,982,269	251,982,269
Capital Reserve	3,495,348	3,495,348
Revaluation Reserve	256,137,775	256,137,775
	<b>511,615,392</b>	<b>511,615,392</b>

**NATH SEEDS LIMITED**

<b>SCHEDULE- 3</b>	<b>As at 31st March, 2011 (Rs.)</b>	<b>As at 31st March, 2010 (Rs.)</b>
<b>SECURED LOANS</b>		
<b>Term Loans:</b>		
From Bank:		
From Jankalyan Sahakari Bank Ltd (Secured by equitable mortgage of the company's immovable properties situated at gut No 64(2) (Part) Village lthkeda, Aurangabad and secured by hypothecation of stock, book debts and Jointly & severally guaranteed by two directors of the Company Interest accrued and due	11,160,526  638,577	20,423,622  247,762
<b>Working Capital Loan</b>		
From Jankalyan Sahakari Bank Ltd (Secured by equitable mortgage of the company's immovable properties situated at gut No 64(2) (Part) Village lthkeda, Aurangabad and secured by hypothecation of stock, book debts and Jointly & severally guaranteed by two directors of the Company	57,988,227	46,436,717
From Jankalyan Sahakari Bank Ltd (Secured by pledge of fixed deposit receipt)	4,033,973	4,000,000
	<b>73,821,303</b>	<b>71,108,101</b>

**SCHEDULE-4**

<b>UNSECURED LOANS</b>		
b) From Bodies Corporate (Short Term)	19,948,771	18,830,028
c) Fixed Deposits (Short term)	6,894,808	12,525,289
d) From Maharashtra State Finance Corporation (Short Term) under bills discounting scheme *	41,260,082	41,260,082
	<b>68,103,661</b>	<b>72,615,399</b>
* Secured by pledge of certain shares held by other associate companies.		

**NATH SEEDS LIMITED**

**SCHEDULE : 5 - FIXED ASSETS**

Amount in Rs.

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.10	Additions During the Year	Deletions During the Year	As at 31.03.11	Upto 31.03.10	For the Year	Upto 31.03.11	As at 31.03.11	As at 31.03.10
Land	258310800	0	0	258310800	0	0	0	258310800	258310800
Corporate Building	16423000	0	0	16423000	9238642	359218	9597860	6825140	7184358
	274733800	0	0	274733800	9238642	359218	9597860	265135940	265495158
<b>Previous Year</b>	<b>274733800</b>	<b>0</b>	<b>0</b>	<b>274733800</b>	<b>8860518</b>	<b>378124</b>	<b>9238642</b>	<b>265495158</b>	

Note : The Company has revalued the land admeasuring 8.65 acres situated at gut no 64/2, 63,62/3, Itkheda Paithan Road, Aurangabad. The corresponding value of Rs. 25,61,37,775 representing such upward revision has been shown as revaluation reserve under the head "Reserves & Surplus".

**NATH SEEDS LIMITED**  
**SCHEDULE-6**

<b>INVESTMENTS: (LONG TERM, NON TRADE)</b>	<b>As at 31st March, 2011 (Rs.)</b>	<b>As at 31st March, 2010 (Rs.)</b>
<b>UNQUOTED</b>		
a) In Government Securities National Savings Certificates (Face Value Rs.54,000 deposited with Govt Dept)	49,275	49,275
b) In Equity Shares: Fully Paid)		
1000 Equity shares of The Saraswat Co-op.Bank Ltd. of Rs. 10 each, fully paid #	10,000	10,000
998 Equity Shares of The Janta Sahakari Bank Ltd of Rs. 100 each, fully paid **	100,204	100,204
250 Equity Shares of Deogiri Nagari Sahakari Bank Ltd. of Rs. 25 each, fully paid #	6,250	6,250
3440 Equity Shares of The Peoples Co-op. Bank Ltd. of Rs. 25 each, fully paid #	86,000	86,000
45,322 (previous year 41,822) Equity Shares of Jankalyan Sahkari Bank Ltd of Rs. 100 each #	4,532,200	4,182,200
	<b>4,783,929</b>	<b>4,433,929</b>
# Certificates are yet to be received ** Numbers and value are subject to confirmation		

**SCHEDULE-7**

<b>INVENTORIES</b> (As taken, valued and certified by the management)		
Land	-	307,865
Seeds	20,650,935	14,677,997
	<b>20,650,935</b>	<b>14,985,862</b>

**SCHEDULE - 8**

<b>SUNDRY DEBTORS</b> (Unsecured considered good)		
Exceeding six months	-	-
Others	-	46,852,398
	-	<b>46,852,398</b>

**NATH SEEDS LIMITED****SCHEDULE - 9**

<b>CASH AND BANK BALANCES</b>	<b>As at 31st March, 2011 (Rs.)</b>	<b>As at 31st March, 2010 (Rs.)</b>
Cash in hand	16,278	13,333
Balances with Scheduled Banks:		
In Current Accounts	2,049,234	158,455
In Fixed Deposit (Pledged with Jankalyan Sahakari Bank Ltd )	6,442,717	5,893,929
	<b>8,508,229</b>	<b>6,065,717</b>

**SCHEDULE - 10**

<b>LOANS AND ADVANCES</b>		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received	37,948,581	473,927
Advances to Associates Companies	36,419,402	21,599,792
Deposit with Income Tax Dept	5,546,992	5,398,686
	<b>79,914,975</b>	<b>27,472,405</b>

**SCHEDULE- 11**

<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer note No. 12 in Schedule 21)	26,843,330	50,452,374
Excess cheques issued	3,949,809	2,051,403
Credit balance in Debtors a/c (an Associate Company)	26,360,281	-
Statutory Liabilities	55,475	63,396
	<b>57,208,895</b>	<b>52,567,172</b>

**SCHEDULE- 12**

<b>PROFIT &amp; LOSS ACCOUNT</b>		
Opening Balance (Loss)	(493,382,956)	(486,173,601)
Profit (+) / Loss (-) for the year	10,845,352	(7,209,355)
	<b>(482,537,604)</b>	<b>(493,382,956)</b>

**NATH SEEDS LIMITED**

**SCHEDULE-13**

<b>SALES</b>	<b>For the year ended on 31st March 2011</b>	<b>For the year ended on 31st March 2010</b>
Sale of Foundation Seeds	2,422,886	3,003,021
Sale of Seed (Net of Return)	148,820,648	236,503,300
Sale of Land	7,900,000	42,700,000
	<b>159,143,535</b>	<b>282,206,321</b>

**SCHEDULE-14**

<b>OTHER INCOME</b>		
Dividend on long term Investments	14,900	2,000
G. O. T charges	121,750	266,175
Germination charges	41,550	82,900
Sundry Balance w/back	349,981	0
Sale of Gunny Bags	70,370	336,362
Interest earned	564,148	500,641
Processing & Ginning Charges	-	8,822
Misc. Income	32,140	609
	<b>1,194,838</b>	<b>1,197,510</b>

**SCHEDULE-15**

<b>INCREASE / DECREASE IN STOCK</b>		
<b>Op Stock</b>		
Seeds	14,677,997	6,471,600
Land	307,865	3,459,799
	<b>14,985,862</b>	<b>9,931,399</b>
<b>Cl. Stock</b>		
Seed	20,650,935	14,677,997
Land	-	307,865
	<b>20,650,935</b>	<b>14,985,862</b>
	<b>5,665,073</b>	<b>5,054,463</b>

**SCHEDULE-16**

<b>PURCHASE (TRADING)</b>		
Purchase of foundation Seeds	1,558,431	1,694,896
Purchase of Seeds	127,207,148	272,962,671
Purchase of Gunny Bags	19,204	-
Purchase of Fertilizer	3,159,576	-
	<b>131,944,359</b>	<b>274,657,567</b>

**SCHEDULE-17**

<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages and Bonus	6,037,030	5,449,957
Staff Welfare Expenses	38,512	25,625
	<b>6,075,542</b>	<b>5,475,582</b>



**NATH SEEDS LIMITED**

**SCHEDULE-18**

<b>ADMINISTRATIVE AND SELLING EXPENSES</b>	<b>For the year ended on 31st March 2011</b>	<b>For the year ended on 31st March 2010</b>
Rates and Taxes	49,763	572,154
Insurance	114,404	93,439
Legal & Professional charges	995,339	643,943
Electricity Charges	-	-
Communication	115,470	245,102
Traveling and Conveyance	827,636	1,276,739
Auditors' Remuneration		
Statutory Audit	55,150	55,150
Tax Audit	16,545	16,545
Office Expenses	123,211	303,700
Vehicle Expenses	1,306,764	1,143,905
Sundry Debit balance w/off	613,329	137,938
Compensation to grower	2,107,737	473,741
Corporate Share Expenses	54,687	245,914
Sales Promotion Expenses	-	13,920
Freight Outwards	14,371	-
Brokerage and Commission	42,685	105,897
	<b>6,437,092</b>	<b>5,328,087</b>

**SCHEDULE-19**

<b>INTEREST AND FINANCE CHARGES</b>		
INTEREST:		
Fixed Term Loans	4,347,327	4,076,490
Others	6,342,062	5,275,244
Finance Charges	178,976	337,362
	<b>10,868,365</b>	<b>9,689,096</b>

**SCHEDULE-20**

<b>EXTRA-ORDINARY ITEMS &amp; PRIOR PERIOD EXPENSES</b>		
<b>Income</b>		
Liability written back (Refer Note No. 10 in Schedule -21)	1,126,481	-
	<b>1,126,481</b>	-
<b>Expenditure</b>		
Reinstament of public deposit liability	600,000	
Prior period expenses	-	139,193
	<b>600,000</b>	<b>139,193</b>
	526,481	(139,193)

**NATH SEEDS LTD****SCHEDULE – 21****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011.****1 SIGNIFICANT ACCOUNTING POLICIES:****A) GENERAL**

The Financial Statements are prepared on the basis of historical cost convention, on the accounting principles of a going concern and in accordance with the applicable accounting standards. All the expenses and income to the extent considered payable and receivable, respectively, unless specifically stated to be otherwise, are accounted for on accrual basis.

**B) FIXED ASSETS:**

Fixed Assets are stated at cost including freight, duties, taxes and all incidental expenses related thereto.

**C) CAPITAL WORK-IN-PROGRESS**

Expenditure related to and incurred during the implementation of the projects is included under Capital Work-in-Progress and the same will be capitalised under the appropriate heads on completion of the projects.

**D) DEPRECIATION / AMORTIZATION**

Depreciation on Fixed Assets is provided for on written down value method at the rates specified in Schedule XIV to the Companies Act 1956 (hereinafter referred to as the "Act").

**E) INVENTORIES:**

The inventories are valued at lower of cost and net realizable value. Cost is assigned on weighted average basis. Obsolete, defective and unserviceable stocks are provided for.

**F) BORROWING COST**

Borrowing cost directly attributable to acquisition, construction, production of qualifying assets are capitalised as a part of the cost of such assets up to the date of completion. Other borrowing costs are charged to Profit and Loss Account.

**G) TAXATION**

i) Provision for Current Tax is made and retained in the accounts on the basis of estimated tax liability as per applicable provisions of Income Tax Act 1961.

ii) Deferred tax for timing difference between tax profit and book profit is accounted for using the tax rates and laws as have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these assets can be realized in future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**NOTES TO ACCOUNTS**

		Particulars	Current Year (Rs)	Prev Year (Rs.)
2	a)	Contingent liabilities not provided for in respect of disputed demand in the matters of Income Tax including interest	28,158,193	28,158,193
	b)	Arrears of Dividend on Cumulative Redeemable preference shares (including Corporate Dividend Tax)	21,362,917	19,964,684
	c)	Amount of interest liability / penalty / liquidated damages, if any on delayed / non-payment of certain creditors / loans (secured or unsecured) / statutory dues.	Amount Unascertainable	Amount Unascertainable

<b>3</b>	<b>Loans and advances include:</b>		
<b>a)</b>	Interest free loans given to associate companies	36,419,402	21,599,792
<b>b)</b>	Interest (calculated on month end balance) has not been charged for the year on loans and business advances given to associates companies as considered appropriate by the management, interalia, considering week financial position of these companies and the long term business exigencies/ purposes.	5,780,110	513,863
<b>c)</b>	No provision has been considered necessary in respect of the above advances, as the management is hopeful of their recovery in due of time.		
<b>4 a)</b>	In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of the business.		
<b>b)</b>	The accounts of certain Creditors, Unsecured Loans, certain current account balances with banks, Deposits, Loans and Advances are subject to confirmations and reconciliations, if any. The difference as may be noticed on reconciliation will be accounted for on completion thereof. In the opinion of the management, the ultimate difference will not be material.		
<b>c)</b>	Detailed transaction confirmation in respect of following parties asked for by the auditors could not be produced for their verification for want of their receipt from the respective parties		
		As at 31st March 2011	Dr/ Cr
	i) Arati Farms Pvt Ltd	0	
	ii) Pitamber Farms Pvt Ltd	0	
	iii) Apanaghar Housing Development and Finance Ltd	0	
	iv) Nath Securities Ltd	6,010,830	Cr
	v) Uniphos Seeds & Biogenatices Pvt Ltd	468,734	Dr
<b>5 a)</b>	No provision for the Income Tax for the year has been considered necessary in view of the unabsorbed depreciation and carried forward losses.		
<b>b)</b>	In view of the carried forward business losses, the management has, as the matter of prudence, not recognized deferred tax assets during the year.		
<b>6</b>	As per provisions of section 149(2A) of the Act, the company is required to obtain share holders' approval for undertaking land development activity for which necessary approval is pending.		
<b>7</b>	The company has given loans to various corporate bodies including granted in the earlier years and outstanding as on date, in spite of continuing default in the repayment of public deposit (within the meaning of section 58A of the Act), in non-compliance of provisions of sections 372A (4) of the Act.	36,419,402	21,599,792
<b>8</b>	The company has not provided for interest (including Rs. 1,51,93,722 for the current year) in respect of loan taken from financial institution and fixed deposits from public in anticipation of reaching a settlement for waiver of interest.	66,861,604	51,836,854
<b>9</b>	The company has accounted for the various expenses amounting to Rs. 31,59,576, Rs 59,21,914 and Rs 22,38,881 relating to the Purchase of packing material, Payment to / provisions for employee and Administrative and selling expenses respectively on the basis of debit notes received from an associate concern.		
<b>10</b>	The company has settled dues payable to Air Force Group Insurance Society in the year 2005, however, inadvertently, the same was not accounted for in the books of account. During the year, the Company has accounted for the settled dues and excess liability of Rs.11,26,481 appearing in the books of account is written back and shown under the head "Extra-ordinary Items".		
<b>11</b>	The Company had entered into an agreement to sale of land admeasuring 16006 sq feet situated at gut no 70/1, Itkheda, Dist Aurangabad with a party on 16th December 2004 for which sales have been recorded in that year, however, the registered sale-deeds have been executed during the current financial year.		
<b>12</b>	There are no overdues to vendors under the Micro, Small and Medium Enterprises Development Act, 2006.		

**13 Segmental Reporting :-**

Criteria	Segment
Product base	1. Seed 2. Land

**Primary Segment: Business segment**

The operations of the company falls within two business segment i.e. Seeds and Land segment. The financial data for segment reporting as follows

Sr No	Particulars	Seed Division	Land Division	Total
1	Sales	151,243,535	7,900,000	159,143,535
2	Profit/(Loss) Before Dep	3,107,924	7,570,165	10,678,089
3	Depreciation	359,218	0	359,218
4	Prior period item Income	526,481	0	526,481
5	<b>Net Profit/Loss</b>	<b>3,275,187</b>	<b>7,570,165</b>	<b>10,845,352</b>

Other Information				
6	Segmental Assets	388,591,868	0	388,591,868
7	Less Depreciation &	9,597,860	0	9,597,860
8	<b>Net Assets</b>	<b>378,994,008</b>	<b>0</b>	<b>378,994,008</b>
9	Segmental Liabilities	199,133,859	0	199,133,859

**14 Related parties disclosure as per Accounting Standard - 18:****a) List of related parties****i) Associates:-**

- 1 Agri Tech (India) Ltd.
- 2 Arti Farm Pvt Ltd
- 3 Global Transgenetics Ltd
- 4 Nath Pulp & Paper Mills Ltd.
- 5 Nath Industrial Chemicals Ltd.
- 6 Nath Capital & Financial Services Ltd.
- 7 Nath Bio-Genes Ltd.
- 8 Pace Farms Pvt Ltd
- 9 Pitambar Farm Pvt Ltd
- 10 Rama Pulp & Papers Ltd
- 11 Nath Securities Ltd
- 12 Nath Biotech Ltd
- 13 Nath Royal Ltd

**ii) Key Management Personnel:-**

Mr. Satish Kagliwal (Whole time Director)

b) Transactions carried out with related parties as referred to in (a) above, in the ordinary course of the business:

Sr No	List of related parties	Transaction	Current year Rs.	Previous year Rs.
1	Agri Tech (India) Ltd.	Transfer (Credit to Party Account)	0	0
		Transfer (Debit to Party Account)	5550000	0
		Unsecured Loan taken	6600000	0
		Unsecured Loan Re-paid	4672087	0
2	Arti Farms Pvt Ltd	Transfer (Credit to Party Account)	46877825	0
		Transfer (Debit to Party Account)	47094293	0
		Unsecured Loan taken	2700000	0
		Unsecured Loan Re-paid	2500000	0
3	Global Transgenetics Ltd	Transfer (Credit to Party Account)	0	0
		Transfer (Debit to Party Account)	0	0
		Unsecured Loan taken	0	450000
		Unsecured Loan Re-paid	0	1950000
4	Nath Pulp & Papers Mills Ltd	Unsecured Loan taken	0	9500
5	Nath Industrial Chemicals Ltd.	Unsecured Loan taken	325000	500000
		Unsecured Loan Re-paid	325000	500000
6	Nath Capital & Financial Services Ltd.	Unsecured Loan Granted	40000	0
7	Nath Bio-Genes Ltd.	Transfer (Credit to account)	512255680	355346412
		Transfer (debit to account)	494943682	435052368
		Sales	149107336	212642564
		Amount Received	188285523	155911918
		Amount Paid	32494283	2775857
8	Pace Farms Pvt Ltd	Transfer (Credit to Party Account)	4250000	0
		Transfer (Debit to Party Account)	0	24252820
9	Pitambar Farm Pvt Ltd	Transfer (Credit to Party Account)	200000	0
		Unsecured Loan taken	2300000	0
		Unsecured Loan Re-paid	2500000	0
10	Rama Pulp & Papers Ltd	Transfer (Credit to Party Account)	0	500000
		Unsecured Loan taken	0	1500000
		Unsecured Loan Re-paid	0	500000
11	Nath Securities Ltd	Transfer (Credit to Party Account)	4637500	0
		Transfer (Debit to Party Account)	1500000	0
		Unsecured Loan taken	5143330	2080000
		Unsecured Loan Re-paid	3540000	2000000
12	Nath Biotech Ltd	Transfer (Debit to Party Account)	11879	9000000
		Unsecured Loan Granted	5250000	6672944
		Unsecured Loan recovered	0	10467056
		Unsecured Loan taken	0	3000000
13	Nath Royal Ltd	Transfer (Debit to Party Account)	9517731	4500000

c) Outstanding balance of related parties as on 31st March, 2011

Sr No	List of related parties	Current year Rs.	Dr / Cr	Previous year Rs.	Dr / Cr
1	Agri Tech (India) Ltd.	1323446	Cr	4945533	Cr
2	Arti Farm Pvt Ltd	0	NA	16468	Cr
3	Global Transgenetics Ltd	5300000	Cr	5300000	Cr
4	Nath Pulp & Paper Mills Ltd.	6196146	Cr	6196146	Cr
5	Nath Industrial Chemicals Ltd.	1118349	Cr	1118349	Cr
6	Nath Capital & Financial Services Ltd.	158000	Dr	118000	Dr
7	Nath Bio-Genes Ltd.	16779016	Dr	269252952	Dr
8	Pace Farms Pvt Ltd	20002820	Dr	24252820	Dr
9	Rama Pulp & Papers Ltd	1308848	Dr	1308848	Dr
10	Nath Securities Ltd	6010830	Cr	1270000	Cr
11	Nath Biotech Ltd	20934823	Dr	15672944	Dr
12	Nath Royal Ltd	14017731	Dr	4500000	Dr

Notes:

- 1 Related party relationship is identified by the Company and relied upon by the Auditors.
- 2 No amounts in respect of related parties have been written off during the year. Also, no accounts have been provided for as doubtful debts.

**15 Particulars of Licensed and Installed Capacities and Production (As certified by the Management)**

a) The company does not have any manufacturing plant/ processing center, therefore, the information regarding licensed, installed capacity and production data have not been given.

b) Opening stock, Purchases, Turnover and Closing Stock: Land

	Current Year		Previous Year	
	Quantity (Sq Feet)	Value (Rs.)	Quantity (Sq Feet)	Value (Rs.)
Opening Stock	14,427	307,865	162,127	3,459,799
Purchases	0	0	0	0
Additional land (Refer Note below)	9,695	0		
Turnover	24,122	7,900,000	147,700	42,700,000
Closing Stock	0	0	14,427	307,865

Note: The Company has converted a piece of land admeasuring 64022 sq ft situated at gut no 70/1 into stock in trade on 31.01.2006 and the same was divided into smaller plots to facilitate sales.. While measuring the said piece of land, 9695 sq feet of land has remained to be accounted for in the stock register. Considering the same the area of gut no 70/1 would have been 73717 sq ft, which is since reconciled and accounted for.

c) Quantitative details in respect of Trading Activity: Seed

	Current Year		Previous Year	
	Quantity (in Qtls)	Value (Rs.)	Quantity (in Qtls)	Value (Rs.)
Opening Stock	5,810	14,677,997	863	6,471,600
Purchases	41,305	131,944,359	44,407	274,657,567
Recovered from damaged goods	0	0	7,767	0
Turnover	43,747	151,243,535	47,116	239,506,321
Damaged and discarded	431	0	111	0
Closing Stock	2,937	20,650,935	5,810	14,677,997

	Current year Rs	Previous year Rs
16 CIF value of Imports: –	0	0
17 Expenditure in Foreign Currency: -	0	0
18 Earning in Foreign Currency:-	0	0
19 The following calculation of earning per share basic and diluted in terms of Accounting Standard - 20 on Earning Per Share issued by the Institute of Chartered Accountants of India.		

	Current Year Rs.	Previous Year Rs.
Net Profit (loss) as per Profit & Loss Account	10,845,352	(7,209,355)
Less :- Dividend on Preference Shares including dividend distribution tax	21,362,917	19,964,684
Numerator: Profit Available for equity share holders	(10,517,566)	(27,174,039)
Denominator: Number of Equity shares outstanding (nos)	14,326,336	14,326,336
Denominator for Diluted equity share holder	14,326,336	14,326,336
Basic Earnings per share is arrived at by dividing Numerator by Denominator	(0.73)	(1.90)
Diluted Earnings per share is arrived at by dividing Numerator for diluted equity share holder by	(0.73)	(1.90)
The nominal value per equity share is Rupees	10	10

20 Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

Satish Kagliwal  
Managing Director

Akash Kagliwal  
Director

Krutika Apte  
Company Secretary

Place : Aurangabad  
Date : 5th September 2011

## Cash Flow Statement for the Year Ended 31st March 2011

	Rs
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit before Tax & Extra Ordinary items	1,03,18,871
Adjustment for :	
Depreciation	3,59,218
Interest Paid / Financial Charges	1,08,68,365
Loss on sale of Fixed Assets	0
Profit on sale of Fixed Assets	0
Interest Income	0
<b>Operating Profit before working capital changes</b>	<b>2,15,46,453</b>
Adjustment for :	
(Increase) / Decrease in Trade & Other Receivables	4,68,52,398
(Increase) / Decrease in Inventories	-56,65,073
Increase / (Decrease) in Trade Payable	46,41,723
(Increase) / Decrease in Loans & Advances	-5,24,42,570
<b>Cash Generated from operation before Tax &amp; Extra Ordinary item</b>	<b>1,49,32,931</b>
Income tax Paid	0
Extra Ordinary Items	-5,26,481
<b>Net Cash Flow from Operating Activities - (A)</b>	<b>1,54,59,412</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>	
Sale of fixed assets	0
Purchase of Fixed Assets	0
Interest Received	0
Sale / (Purchase) of Investments	-3,50,000
<b>Net Cash Flow from Investing Activities - (B)</b>	<b>-3,50,000</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>	
Interest Paid / Financial Charges	-1,08,68,365
Increase / (Decrease) in Secured Loan	27,13,202
Increase / (Decrease) in Unsecured Loan	-45,11,738
Deferred Sales Tax Liability Increase	0
Proceeds from share capital/share application	0
Inflow from Reserves	0
<b>Net Cash Flow From Financing Activities - ( C )</b>	<b>-1,26,66,901</b>
<b>Net increase/Decrease in cash &amp; cash equivalent (A+B+C)</b>	<b>24,42,511</b>
Opening Cash and Cash Equivalent	60,65,717
<b>CLOSING CASH &amp; CASH EQUIVALENT</b>	<b>85,08,228</b>



## NATH SEEDS LIMITED

Registered Office: Nath Seeds, Nath House, Aurangabad-431005

### PROXY FORM

I/We \_\_\_\_\_ of  
\_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/Members of  
the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of  
\_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as  
my/ our proxy to attend and vote for me/us and on my/ our behalf at the Annual General Meeting of the  
Company, to be held on Friday, 30<sup>th</sup> September 2011 at 4 p.m. and at any adjournment thereof.

Signed This \_\_\_\_\_ Day of \_\_\_\_\_ 2011.

Registered Folio Number \_\_\_\_\_

No of Shares Held \_\_\_\_\_

\_\_\_\_\_  
Signature

Affix RS.1/- Revenue Stamp
----------------------------------

This form is to be used \_\_\_\_\_ \* in favour of \_\_\_\_\_ the Resolution. Unless otherwise  
\*against  
instructed, the Proxy will act as he thinks fit.

\*Strike out whichever is unnecessary.

Note: The Proxy Form must reach the Company's Registered Office at Nath House, Nath Road, Aurangabad not less than forty Eight Hours before the commencement of the meeting.