

FARM ENTERPRISES LIMITED

ANNUAL REPORT
2011-2012

Farm Enterprises Limited

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BOARD OF DIRECTORS

J S P Bansal
Ashwin Khasgiwala
S. Rajagopal

AUDITORS

Chaturvedi & Shah

REGISTERED OFFICE

506, Chiranjeev Towers,
43, Nehru Place,
New Delhi 110 019

REGISTRAR AND TRANSFER AGENTS

Karvy Computershare Private Limited
Plot No. 17-24,
Vittal Rao Nagar
Madhapur,
Hyderabad – 500 081, India
Tel.: +91 40 4465 5070
Toll Free No.: 1800 425 8998
Fax: +91 40 2311 4087
<http://www.karvy.com>

Notice

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of Farm Enterprises Limited will be held on Saturday, the 27th day of October, 2012 at 10.00 a.m. at The Crystal Room, Daffodils Hotel, Tanya Farm Complex, Main Chattarpur, Mandir Marg, New Delhi 110 030 to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2012, Statement of Profit and Loss for year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Preference Shares and Equity Shares.
3. To appoint a Director in place of the one retiring by rotation.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Messrs Chaturvedi & Shah, Chartered Accountants, (Registration No.101720W) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

Special Business

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to confirmation by the Central Government, the existing Clause II of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in its place and stead, the following as new Clause II:

“II. The Registered Office of the Company will be situated in the State of Maharashtra.”;

RESOLVED FURTHER THAT pursuant to the provisions of Section 146 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Registered Office of the Company be removed outside the local limits of New Delhi in the National Capital Territory of Delhi to a place in the State of Maharashtra;

RESOLVED FURTHER THAT the Directors of the Company and the Assistant Company Secretary of the Company be and are hereby severally authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

Hetal Rathod
Asst. Company Secretary

Mumbai
September 25, 2012
Registered Office:
506, Chiranjeev Towers,
43, Nehru Place,
New Delhi 110 019

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**
2. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at Item No.5 is annexed hereto.
4. Shri J S P Bansal, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board of Directors of the Company commends his re-appointment.
5. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.
6. Members who hold shares in dematerialised form are requested to write their Client ID and DPID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Registrar of Companies has granted extension of time of one month for holding Annual General Meeting of the Company.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.

Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act, 1956:

Item No. 5

The Registered Office of the Company is presently situated at New Delhi. With a view to ensure effective control, administration, management and to carry on the business more economically and efficiently, the Company has proposed to change the place of the Company's Registered Office from National Capital Territory of Delhi to the State of Maharashtra. Further, majority of Directors and Shareholders of the Company are located in the State of Maharashtra.

In terms of Section 17 of the Companies Act, 1956 (the "Act"), Clause II of the Memorandum of Association of the Company can be altered, with the approval of Members by passing a Special Resolution, so as to change the place of its Registered Office from one State to another. Further, as per Section 146 of the Act, the Registered Office of the Company shall not be removed outside the local limits of any city, town or village where such office is situated without the approval of the Members by way of a Special Resolution.

Hence, approval of the Members is required for change of place of Registered Office from the National Capital Territory of Delhi to the State of Maharashtra.

Further, in terms of Section 17 of the Act, the aforesaid alteration, if approved, by the Members shall take effect only after it is confirmed by the Central Government.

None of the Directors or Manager is, in any way, concerned or interested in the proposed Special Resolution.

The Board of Directors of the Company commends the Special Resolution for your approval.

By Order of the Board of Directors

Hetal Rathod
Asst. Company Secretary

Mumbai
September 25, 2012

Registered Office:
506, Chiranjeev Towers,
43, Nehru Place,
New Delhi 110 019

Directors' Report

Dear Members,

Your Directors are pleased to present the Thirteenth Annual Report and the Audited Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2012 is summarized below:

	(Amount ₹ in Thousand)	
	2011-2012	2010-2011
Profit before Depreciation	77 48 02	64 23 85
Less: Depreciation	<u>1 49</u>	<u>4 26</u>
Profit before Tax	77 46 53	64 19 59
Less: Current Tax	<u>10 30</u>	<u>-</u>
Profit for the year	77 36 23	64 19 59
Add: Balance brought forward	1033 35 50	969 16 96
Taxes for earlier years	<u>(21 35)</u>	<u>-</u>
Amount available for appropriations	1110 50 38	1033 36 55
Appropriations:		
Capital Redemption Reserve	38	1 05
Proposed Dividend on Equity Shares	8 47	-
Proposed Dividend on Preference Shares	1 44 53	-
Tax on Dividend	<u>24 82</u>	<u>-</u>
Balance carried forward to Balance Sheet	1108 72 18	1033 35 50

OPERATIONAL REVIEW

During the year ended March 31, 2012, the Company has made a net profit of ₹ 77 36 23 thousand. The Company has continued its existing activity of development and maintenance of green belts in Gujarat and Maharashtra.

DIVIDEND

Your Directors have recommended a dividend of Re. 1 per Equity Share of ₹10 each fully paid up for the financial year ended March 31, 2012 amounting to ₹ 9,84,171. (Inclusive of tax of ₹ 1,37,372)

Your Directors have also recommended dividend on 5% Optionally Convertible/ Redeemable Preference Shares of ₹ 10 each of erstwhile Reliance Enterprises Limited, 12% Optionally Convertible / Redeemable Cumulative Preference Shares (Series 'A') of ₹ 10 each fully paid up, 12% Redeemable Cumulative Preference Shares (Series 'A') of ₹ 10 each, ₹ 4 paid up, 12% Optionally Convertible / Redeemable Cumulative Preference Shares (Series 'A') of ₹ 10 each, Re.1 paid up and 12% Redeemable Cumulative Preference Shares (Series 'B') of ₹ 10 each fully paid up for the year ended March 31, 2012 and arrears of dividend pro-rata on the aforesaid various series of Preference Shares for the years 2006-2007, 2007-2008, 2008-2009, 2009-2010 and 2010-2011.

The Dividend on the Equity Shares and the various series of Preference Shares would be paid to the eligible members upon declaration by the shareholders.

DIRECTORS

Shri J S P Bansal retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and that there are no material departures from the same;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

AUDITORS AND AUDITOR'S REPORT

Messrs Chaturvedi & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re appointment.

The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

AUDIT COMMITTEE

The role and functions of the Audit Committee are in conformity with the requirements of Section 292A of the Companies Act, 1956.

The present members of the Committee are Shri Ashwin Khasgiwala, Shri S Rajagopal and Shri J S P Bansal. Shri Ashwin Khasgiwala is the Chairman of the Committee.

The Committee met periodically during the year and had discussions with the Auditors on internal control systems.

HOLDING COMPANY

After the close of the financial year, the Company has become subsidiary of Ekansha Enterprise Private Limited.

SUBSIDIARY COMPANY

The audited statement of accounts of Nagothane Agrofarms Private Limited, wholly owned subsidiary of the Company, together with the Reports of the Board of Directors and Auditors for the year ended March 31, 2012 are attached as required under Section 212 of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

During the year, the Company has not paid any remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended. Hence, no information is required to be appended to this report in this regard.

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

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

- i. Part A and B of the Rules, pertaining to conservation of energy and technology absorption, are not applicable to the Company.
- ii. Foreign Exchange Earnings and Outgo:
Foreign Exchange Earned - Nil
Foreign Exchange Used - Nil

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the co-operation extended by the shareholders during the year under review.

For and on behalf of the Board of Directors

Ashwin Khasgiwala
Director

S Rajagopal
Director

September 25, 2012

Mumbai

Auditor's Report

To,
The Members of Farm Enterprises Limited

We have audited the attached Balance Sheet of **Farm Enterprises Limited** as at 31st March, 2012 and the statement of Profit and Loss 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.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 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 Company, so far as appears from our examination of those books;
 - c) The Balance Sheet and the statement of Profit and Loss dealt with by this report are in agreement with the books of account;

- d) In our opinion the Balance Sheet and the statement of Profit and Loss dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable to Small & Medium Sized Company as mentioned in the Companies (Accounting Standards) Rules, 2006.
- e) On the basis of written representation received from the Directors, we report that, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
 - (ii) in the case of the statement of Profit and Loss, of the Profit for the year ended on that date.

For Chaturvedi & Shah
Chartered Accountants
(Registration No. 101720W)

Sandesh Ladha
Partner
M. No.: 047841

Mumbai
September 25, 2012

Annexure to the Auditors' Report

Re: Farm Enterprises Limited

(Referred to in paragraph 2 of our report of even date)

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification, as compared to the original records.
 - c. In our opinion and according to the information
2. In respect of its inventories:
 - a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year and going concern status of the Company is not affected.

- c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore the requirements of clause (iii) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of Inventory and Fixed assets and sale of goods. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control systems.
5. In our opinion and according to information and explanations given to us, there are no contracts or arrangements, particulars of which need to be entered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of Clause (v) (b) of paragraph 4 of the Order are not applicable.
6. The Company has not accepted any deposit from the public. Therefore, the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
 - a. According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth-tax, service tax, custom duty, excise duty, cess and other statutory dues as applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding, as at 31st March 2012 for a period of more than six months from the date they became payable.
 - b. According to the information and explanations given to us, there are no dues of sales tax, income tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. The Company has not borrowed any funds from financial institutions or banks and hence the provision of clause (xi) of paragraph 4 of Order is not applicable.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not raised any term loan during the year under audit.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. The Company has not made any preferential allotment of shares during the year under audit to parties and companies covered under Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year under audit.
20. The Company has not raised any monies by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Chaturvedi & Shah
Chartered Accountants
(Registration No. 101720W)

Sandesh Ladha
Partner
M. No:047841

Mumbai
September 25, 2012

Farm Enterprises Limited
Balance Sheet as at 31st March, 2012

	Note	As at 31st March, 2012	As at 31st March, 2011	₹ in thousand
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	1	42 18 11	42 18 48	
Reserves and Surplus	2	<u>2150 23 13</u>	<u>2074 88 65</u>	
		2192 41 24	2117 07 13	
Current Liabilities				
Trade Payables	3	33 47	24 28	
Other Current Liabilities	4	36 77	49 96	
Short Term Provisions	5	<u>1 88 12</u>	<u>25 05</u>	
		2 58 36	99 29	
TOTAL		<u><u>2194 99 60</u></u>	<u><u>2118 06 42</u></u>	
ASSETS				
Non-Current Assets				
Fixed Assets - Tangible Assets	6	27 80	27 39	
Standing Crops	7	2 42 57	2 51 09	
Non-Current Investments	8	<u>1675 58 29</u>	<u>1622 90 56</u>	
		1678 28 66	1625 69 04	
Current assets				
Current Investments	9	24 44 00	-	
Inventories	10	4 67	7 59	
Trade Receivables	11	4 38	3 37	
Cash and Bank Balances	12	37 96	40 16	
Other Current Assets	13	<u>491 79 93</u>	<u>491 86 26</u>	
		516 70 94	492 37 38	
TOTAL		<u><u>2194 99 60</u></u>	<u><u>2118 06 42</u></u>	
Significant Accounting Policies				
Notes on Financial Statements	1 to 24			

As per our Report of even date

For and on behalf of the Board

For **Chaturvedi & Shah**
Chartered Accountants

Ashwin Khasgiwala Director

S. Rajagopal Director

Sandesh Ladha
Partner

Hetal Rathod Assistant Company Secretary

Mumbai
September 25, 2012

Farm Enterprises Limited
Statement of Profit and Loss for the year ended 31st March, 2012

₹ in thousand

	Note	2011-12	2010-11
INCOME			
Revenue from Operations	14	1 59 08	81 43
Other Income	15	77 64 40	64 45 53
Total Revenue		79 23 48	65 26 96
EXPENDITURE			
Operative expenditure	16	1 57 46	76 78
Depreciation		1 49	4 26
Administration and Other Expenses	17	18 00	26 33
Total Expenses		1 76 95	1 07 37
Profit before tax		77 46 53	64 19 59
Current tax		10 30	-
Profit for the year		77 36 23	64 19 59
Earnings per equity shares of face value of ₹ 10 each			
Basic (in ₹)	18	91.69	75.66
Significant Accounting Policies Notes on Financial Statements	1 to 24		

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

Sandesh Ladha
Partner

Mumbai
September 25, 2012

For and on behalf of the Board

Ashwin Khasgiwala Director

S. Rajagopal Director

Hetal Rathod Assistant Company Secretary

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

- i) The financial statements are prepared under the historical cost convention in accordance with the normally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- ii) The company generally follows mercantile system of accounting and recognises significant items of Income and Expenditure on accrual basis.

b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

c) Fixed Assets and Depreciation

- i) Fixed assets are stated at cost less accumulated depreciation, and impairment loss if any.
- ii) Depreciation is provided on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

d) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

e) Standing Crop

- i) Development and other expenses in respect of plantation are carried forward as plantation - standing crops and will be amortised on estimated yield basis to the Statement of Profit and Loss in the year in which crops yield revenue.
- ii) Development and other expenses in respect of fruits orchards etc., having long gestation period are carried forward as fruits orchards etc. - standing crops till the growth period. The accumulated amount is amortised on estimated yield basis over the period of yields to the Statement of Profit and Loss in which crops yield revenue. Expenditure incurred after growth period will be charged to Statement of Profit and Loss.

f) Investments

Current investments are carried at the lower of cost and quoted / fair value, computed category wise. Non-Current Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

g) Inventories

The inventories are valued at lower of costs or net realisable value.

h) Provision for Current and Deferred Tax

Provision for current Income Tax is made on the taxable income under the Income Tax Act, 1961. Material amount of deferred tax arising on account of "timing difference" and which are capable of reversal in one or more subsequent periods, is recognised using the tax rates and tax laws that are enacted or substantively enacted. Deferred tax assets is recognised only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

j) Revenue Recognition

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover includes sale of goods, adjusted for discounts. Dividend income is recognised when right to receive is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

Notes on Financial Statement for the Year ended 31st March, 2012

1 Share Capital	₹ in thousand	
	As at 31st March, 2012	As at 31st March, 2011
Authorised :		
15,50,00,000 Equity Shares of ₹ 10 each (15,50,00,000)	155 00 00	155 00 00
15,00,00,000 Preference Shares of ₹ 10 each (15,00,00,000)	150 00 00	150 00 00
	<u>305 00 00</u>	<u>305 00 00</u>
Issued and Subscribed		
79,05,622 Equity Shares of ₹ 10 each (78,77,253)	7 90 56	7 87 73
13,14,86,927 12% Optionally Convertible/Redeemable (13,15,15,296) Cumulative Preference Shares (Series 'A') of ₹10 each fully paid up	131 48 69	131 51 53
46,38,353 12% Redeemable Cumulative Preference (46,40,984) Shares (Series 'B') of ₹ 10 each fully paid up	4 63 84	4 64 10
	<u>144 03 09</u>	<u>144 03 36</u>
Paid up:		
79,05,622 Equity Shares of ₹ 10 each fully paid up (78,77,253)	7 90 56	7 87 73
1,83,19,865 12% Optionally Convertible/Redeemable (1,83,48,043) Cumulative Preference Shares (Series 'A') of ₹ 10 each fully paid up	18 31 98	18 34 80
6,036 12% Redeemable Cumulative Preference Shares (--) (Series 'A') of ₹ 10 each, ₹ 2 paid up	12	-
-- 12% Redeemable Cumulative Preference Shares (6036) (Series 'A') of ₹ 10 each, ₹ 4 paid up	-	24
11,31,61,026 12% Optionally Convertible/Redeemable (11,31,61,217) Cumulative Preference Shares (Series 'A') of ₹ 10 each, ₹ 1 paid up	11 31 61	11 31 61
46,38,353 12% Redeemable Cumulative Preference (46,40,984) Shares (Series 'B') of ₹ 10 each fully paid up	4 63 84	4 64 10
	<u>42 18 11</u>	<u>42 18 48</u>

Note

1.1 35,80,912 Equity Shares out of the issued and subscribed share capital were issued without payments being received in cash.

1.2 Of the above Series 'A' Preference Shares:

- a 1,83,19,865 Series 'A' Preference Shares are outstanding as on 31st March, 2012. Each Series 'A' Preference Share may, at the option of the holder of the Series 'A' Preference Share be converted at any time into one Equity Share of the face value of ₹ 10 fully paid-up before five years from the date of allotment i.e. 20.02.2008 and 26.05.2008 and the shares remaining outstanding at the end of the tenure will automatically get redeemed at the redemption price of ₹ 275 per share (allocated towards paid up value of ₹ 10 and a redemption premium of ₹ 265 per share). Of these 54,12,859 shares have been issued pursuant to Scheme of Amalgamation without payments being received in cash.

Notes on Financial Statement for the Year ended 31st March, 2012

b 6,036 Series 'A' Preference Shares will be redeemed as follows:

At the end of the Tenure; i.e five years from the date of allotment i.e. 20.02.2008 and 26.05.2008 of Series 'A' Preference Shares - ₹ 50 (allocated towards paid-up value of ₹ 2 and a redemption premium of ₹ 48 per share).

Of these 610 shares have been issued without payments being received in cash.

c 11,31,61,026 Series 'A' Preference Shares having paid up value of ₹ 1 may at the option of either the holder of such Series 'A' Preference Share or at the option of the Company be converted into one Equity Share of ₹ 10 each upon the holders making a payment of ₹ 199 per share at any time during the tenure, i.e, five years from date of allotment i.e. 20.02.2008 and 26.05.2008 of Series 'A' Preference Shares. Series 'A' Preference Shares which are not opted for conversion and remain outstanding at the end of the Tenure shall be redeemed at ₹ 1 per share. 8,340 shares have been issued without payments being received in cash.

1.3 Each Series 'B' Preference Share may, at the option of the holder thereof, be redeemed at any time before five years from the date of allotment i.e. 20.02.2008 and 26.05.2008 at a premium of 20% of the face value i.e. ₹ 10 towards face value and ₹ 2 towards premium on redemption. Series 'B' Preference shares have been issued pursuant to Scheme of Amalgamation without payments being received in cash.

1.4 Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March, 2012			As at 31st March, 2011			
	Equity		Preference	Equity		Preference	
			Series A			Series A	Series B
	Nos.	Nos.	Nos.	Nos.	Nos.	Nos.	
Shares at the beginning	78 77 253	13 15 15 296	46 40 984	78 30 526	13 15 62 023	46 50 295	
Add : Shares issued during the year	28 369	-	-	46 727	-	-	
Shares redeemed during the year	-	-	2 631	-	-	9 311	
Shares converted during the year	-	28 369	-	-	46 727	-	
Shares at the end of the year	79 05 622	13 14 86 927	46 38 353	78 77 253	13 15 15 296	46 40 984	

1.5 Details of Share holders holding more than 5% shares as on 31st March, 2012

Name of the Shareholders	Equity Shares		Preference Shares							
	₹ 10 each fully paid up		Series 'A' ₹ 10 each		Series 'A' ₹ 10 each		Series 'A' ₹ 10 each		Series 'B' ₹ 10 each	
			Fully paid-up		₹ 2 paid up		₹ 1 paid up		Fully paid-up	
	No. of shares	% Held	No. of shares	% Held	No. of shares	% Held	No. of shares	% Held	No. of shares	% Held
Ekansha Enterprises Private Limited	5 24 854	6.64	1 20 18 510	65.60	-	-	5 80 70 000	51.32	-	-
*Jigna Fiscal Services Private Limited	18 93 219	23.95	-	-	-	-	1 00 00 000	8.84	-	-
*Proline Investments Private Limited	8 53 034	10.79	-	-	-	-	62 00 000	5.48	-	-
*Shangrila Investments and Trading Company Private Limited	-	-	-	-	-	-	-	-	29 18 851	62.93
*Vayudoot Finance & Leasing Co. Private Limited	9 57 135	12.11	-	-	-	-	-	-	2 40 015	5.17
*Vicraze Investments and Trading Co. Private Limited	4 15 579	5.26	-	-	-	-	-	-	-	-
*Yashasvi Holdings Private Limited	16 75 040	21.19	-	-	-	-	78 15 000	6.91	-	-
Kanti Lal Jain	-	-	-	-	2 162	35.82	-	-	-	-

* After the close of the Financial Year the said Companies have merged with Ekansha Enterprises Private Limited .

Notes on Financial Statement for the Year ended 31st March, 2012

Details of Share holders holding more than 5% shares as on 31st March, 2011

Name of the Shareholders	Equity Shares		Preference Shares							
	₹ 10 each fully paid up		Series 'A' ₹ 10 each Fully paid-up		Series 'A' ₹ 10 each ₹ 4 paid up		Series 'A' ₹ 10 each ₹ 1 paid up		Series 'B' ₹ 10 each Fully paid-up	
	No. of shares	% Held	No. of shares	% Held	No. of shares	% Held	No. of shares	% Held	No. of shares	% Held
Bhumika Trading Private Limited	5 24 854	6.66	1 20 18 510	65.60	-	-	5 80 70 000	51.32	-	-
Jigna Fiscal Services Private Limited	18 93 219	24.03	-	-	-	-	1 00 00 000	8.84	-	-
Proline Investments Private Limited	8 53 034	10.83	-	-	-	-	62 00 000	5.48	-	-
Shangrila Investments and Trading Company Private Limited	-	-	-	-	-	-	-	-	29 18 851	62.89
Vayudoot Finance & Leasing Co. Private Limited	9 57 135	12.15	-	-	-	-	-	-	2 40 015	5.17
Vicraze Investments and Trading Co. Private Limited	4 15 579	5.28	-	-	-	-	-	-	-	-
Yashasvi Holdings Private Limited	16 75 040	21.26	-	-	-	-	78 15 000	6.91	-	-
Kanti Lal Jain	-	-	-	-	2 162	35.82	-	-	-	-

1.6 Rights, Preferences and Restrictions attached to each class of Shares

Equity Shares

Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the assets of the Company remaining after distribution of all preferential amounts, in proportion to their shareholding.

Preference shares

Each of the above series of Preference Shares carry a cumulative dividend of 12% per annum on paid up value of the shares.

Each preference shareholder is entitled to vote at the meeting in proportion to his share of paid up capital of the Company.

2 Reserves and Surplus	As At 31st March, 2012	As At 31st March, 2011
₹ in thousand		
Capital Redemption Reserve		
As per last Balance sheet	101 93 00	101 91 95
Add : Transferred from profit and loss account	38	1 05
	101 93 38	101 93 00
Securities Premium Reserve		
As per last Balance sheet	939 60 16	939 55 22
Add : Received during the year	36	8 01
	939 60 52	939 63 23
Less : Paid on redemption during the year	2 95	3 08
	939 57 57	939 60 15

Notes on Financial Statement for the Year ended 31st March, 2012

	As At 31st March, 2012	As At 31st March, 2011
Profit and Loss Account		
As per last Balance Sheet	1033 35 50	969 16 96
Add: Profit for the year	77 36 23	64 19 59
Taxes for earlier years	<u>(21 35)</u>	<u>-</u>
	1110 50 38	1033 36 55
Appropriation :		
Transferred to Capital Redemption Reserve	38	1 05
Proposed Dividend on Equity Shares	8 47	-
(Dividend per share ₹ 1, previous year ₹ NIL)		
Proposed Dividend on Preference Shares	1 44 53	-
Tax on Dividend	<u>24 82</u>	<u>-</u>
	<u>1108 72 18</u>	1033 35 50
	<u>2150 23 13</u>	<u>2074 88 65</u>

	As at 31st March, 2012	As at 31st March, 2011
3 Trade Payables		
Micro, Small and Medium Enterprises	-	-
Others	<u>33 47</u>	<u>24 28</u>
	<u>33 47</u>	<u>24 28</u>

Note : The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

	As at 31st March, 2012	As at 31st March, 2011
4 Other Current Liabilities		
Preference share redemption proceeds payable	3 01	3 01
Unclaimed application money *	8 12	11 36
Others payables	<u>25 64</u>	<u>35 59</u>
	<u>36 77</u>	<u>49 96</u>

* These figure do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

	As at 31st March, 2012	As at 31st March, 2011
5 Short Term Provisions		
For taxation	10 30	25 00
For Fringe Benefit Tax	-	5
Proposed Dividend	1 53 00	-
Tax on Dividend	<u>24 82</u>	<u>-</u>
	<u>1 88 12</u>	<u>25 05</u>

Description	Gross Block				Depreciation				Net Block	
	As at 1.4.2011	Additions	Deductions	As at 31.3.2012	Upto 1.4.2011	For the Year	Deductions	Upto 31.3.2012	As at 31.3.2012	As at 31.3.2011
	Plant & Machinery									
- Drip irrigation system	32 39	1 90	-	34 29	27 64	45	-	28 09	6 20	4 75
Building	31 32	-	-	31 32	8 71	1 04	-	9 75	21 57	22 61
Computer	3	-	-	3	-	-	-	-	3	3
Total	63 74	190	-	65 64	36 35	1 49	-	37 84	27 80	27 39
Previous year	63 25	49	-	63 74	32 09	4 26	-	36 35	27 39	

Notes on Financial Statement for the Year ended 31st March, 2012

7 Standing Crops

₹ in thousand

Description	Gross Block				Amortisation				Net Block	
	As at 1.4.2011	Additions	Deductions	As at 31.3.2012	Upto 1.4.2011	For the Year	Deductions	Upto 31.3.2012	As at 31.3.2012	As at 31.3.2011
Plantation	87 51	-	-	87 51	3 28	-	-	3 28	84 23	84 23
Fruits Orchards and others	2 13 22	1 84	-	2 15 06	46 36	10 36	-	56 72	1 58 34	1 66 86
Total	3 00 73	1 84	-	3 02 57	49 64	10 36	-	60 00	2 42 57	2 51 09
Previous year	2 94 42	6 31	-	3 00 73	39 89	9 75	-	49 64	2 51 09	

₹ in thousand

8 Non-Current Investments

As at
31st March, 2012As at
31st March, 2011

Long Term Investments (Others)

A) Quoted

In Equity Shares - fully paid up

9,20,77,290	Reliance Industries Limited of ₹ 10 each	1622 89 56	1622 89 56
(9,20,77,290)			

In Tax free Bonds - fully paid up

1,08,754	8.10% Secured Redeemable, Non-convertible	10 87 54	-
(--)	Bonds of Indian Railway Finance Corporation Limited of ₹ 1000 each		

1,73,066	8.20% Secured Redeemable, Non-convertible	17 30 66	-
(--)	Bonds of National Highways Authority of India of ₹ 1000 each		

Total (A)

28 18 20	1651 07 76	-	1622 89 56
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B) Unquoted

In Tax free Bonds - fully paid up

2,44,953	8.12% Secured Redeemable, Non-convertible	24 49 53	-
(--)	Bonds of Rural Electrification Corporation Limited of ₹ 1000 each		

In Equity Shares of Subsidiary company - fully paid up

10,000	Nagothane Agrofarm Private Limited	1 00	1 00
(10,000)	of ₹ 10 each		

Total (B)

24 50 53

Total (A+B)

1675 58 29

Aggregate amount of quoted investments

1651 07 76

Market Value of quoted investments

6939 91 80

Aggregate amount of unquoted investments

24 50 53

9 Current Investments

As at
31st March, 2012As at
31st March, 2011

Unquoted

In Mutual Fund - fully paid up

24,43,443	ICICI Prudential Liquid Super Institutional	24 44 00	-
(--)	Plan, Daily Dividend reinvestment of ₹ 100 each		

24 44 00

Notes on Financial Statement for the Year ended 31st March, 2012

		₹ in thousand	
	As at 31st March, 2012	As at 31st March, 2011	
10 Inventories			
Pesticides and Fertilizers (consumables)	4 67	7 59	
	<u>4 67</u>	<u>7 59</u>	
11 Trade receivables (Unsecured and considered good)			
Over six months	87	-	
Others	3 51	3 37	
	<u>4 38</u>	<u>3 37</u>	
12 Cash and Bank balances			
Balance with Banks *	37 96	40 16	
	<u>37 96</u>	<u>40 16</u>	
* Includes ₹ 1113 thousand (previous year ₹ 1437 thousand) earmarked for payment of Preference share redemption proceeds and unclaimed application money.			
13 Other Current Assets			
Advances recoverable in cash or in kind or for value to be received	491 74 63	491 40 07	
Advance payment of taxes	5 30	46 19	
	<u>491 79 93</u>	<u>491 86 26</u>	
14 Revenue from Operations	2011-12	2010-11	
Sale of Vegetables and fruits	1 59 08	81 43	
	<u>1 59 08</u>	<u>81 43</u>	
15 Other Income			
Dividend			
from Non-current investments	73 66 18	64 45 41	
from Current investments	3 07 00	-	
	<u>76 73 18</u>	<u>64 45 41</u>	
Interest			
on Non-current investments	38 19	-	
on others	53 00	-	
	<u>91 19</u>	<u>-</u>	
Miscellaneous income	3	12	
	<u>77 64 40</u>	<u>64 45 53</u>	
16 Operative Expenditure			
Maintenance expenses	1 20 29	1 00 22	
Repairs and Maintenance - Plant and Machinery	6 48	6 57	
Horticulture & Crop Area	25	33	
Pesticides and Fertilizers consumed	1 02 73	68 69	
Amortisation of standing crops	10 36	9 75	
Legal and other statutory fees	28	1 84	
Packing expenses	-	85	
Freight and forwarding	1	62	
Selling and Distribution expenses	41	5	
	<u>2 40 81</u>	<u>1 88 92</u>	
Less : Reimbursement of expenses	83 35	1 12 14	
	<u>1 57 46</u>	<u>76 78</u>	

Notes on Financial Statement for the Year ended 31st March, 2012

17	Administration and other Expenses	2011-12	2010-11
	Auditors remuneration		
	Audit fees	2 02	1 99
	Tax audit fees	34	33
		2 36	2 32
	Professional fees	2 19	1 94
	Rates and taxes	7	7
	Registrar and Transfer expenses	13 06	21 44
	Bad debts written off	-	32
	General expenses	32	24
		18 00	26 33
18	Earnings per share		
	i) Net Profit after tax as per Statement of profit & loss (₹ in thousand)	77 36 23	64 19 59
	ii) Less : Cumulative Preference share dividend for the year (including dividend tax) (₹ in thousand)	(4 78 25)	(4 78 88)
	Taxes for earlier years (₹ in thousand)	(21 35)	-
	iii) Net Profit attributable to Equity Shareholders (₹ in thousand)	72 36 63	59 40 71
	iv) Weighted Average number of equity shares used as denominator for calculating EPS	78 92 769	78 51 773
	v) Basic earnings per equity share (₹)	91.69	75.66
	vi) Face value per equity share (₹)	10	10
19	During the year, the revised Schedule VI notified under Companies Act, 1956, has become applicable to the company. The previous year's figures have been reclassified to conform to revised Schedule VI classification and are to be read in relation to the amounts and other disclosures relating to the current year.		
20	After close of the financial year, the Company has become subsidiary of Ekansha Enterprise Private Limited.		
21	The Company is a Small and Medium Sized Company as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.		
22	The Company does not have any material timing difference between book profit and taxable profit, hence no provision for deferred tax has been made in the books of account.		
23	Contingent Liabilities		
		As at 31st March, 2012	As at 31st March, 2011
		₹ in thousands	₹ in thousands
	i) Arrears of Dividend on Cumulative Preference Shares	-	19 91 54
	ii) Disputed tax liabilities	-	1 67 71
24	As per Accounting Standard 18, notified in the Companies (Accounting Standards) Rules, 2006, save and except with Nagothane Agrofarms Private Limited (NAPL), a subsidiary company, there was no transaction during the year with any other related party.		
	Balance as on 31st March, 2012		₹ in thousands
	1 Investments in NAPL		1 00
			(1 00)

Note : Figure in bracket represent previous years' amount.

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants

Sandesh Ladha
Partner

Mumbai
September 25, 2012

For and on behalf of the Board

Ashwin Khasgiwala Director

S. Rajagopal Director

Hetal Rathod Assistant Company Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company's Interest in Subsidiary Companies

Name of Subsidiary Company	Nagothane Agrofarm Private Limited
1 The financial year of the Subsidiary Company ended on	31st March, 2012
2 Date from which it became Subsidiary Company	28th March, 2007
3 a. Number of shares held by Farm Enterprises Limited with its nominees in the subsidiary at the end of the financial year.	10,000 Equity shares of face value of ₹ 10 each fully paid-up
b. Extent of interest of holding company at the end of the financial year.	100 %
4 The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the holding Company.	
a. Not dealt with in the holding Company's accounts.	
i) For the financial year ended 31st March, 2012	Loss ₹ 427 thousand
ii) For the previous financial years of the subsidiary company since it became the holding Company's subsidiary.	Loss ₹ 2366 thousand
b. Dealt with in holding company's account:	
i) For the financial year ended 31st March, 2012	NIL
ii) For the previous financial years of the subsidiary company since it became the holding Company's subsidiary.	NIL

For and on behalf of the Board

Ashwin Khasgiwala Director

S. Rajagopal Director

Hetal Rathod Assistant Company Secretary

Mumbai

Date : September 25, 2012

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 9th Annual Report together with the Audited Accounts for the year ended March 31, 2012.

Operational Review

Your Company has been mainly engaged in carrying out agricultural activities during the year under review.

Dividend

Your Directors have not recommended any dividend on Equity Shares for the year under review.

Directors

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 30 of the Articles of Association of the Company, Shri Vinay Kirloskar was appointed as an Additional Director on the Board during the year. He shall hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Shri Vinay Kirloskar for the office of Director, liable to retire by rotation.

Shri Vijay Gaonkar resigned from the office of Director of the Company. The Board wishes to place on record the valuable contribution made by him during his tenure as Director of the Company.

In terms of Section 255 and Section 256 of the Companies Act, 1956, Shri Sethuraman Balasubramanian retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i. in the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and that there are no material departures from the same;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss of the Company for the year ended on that date;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

Auditors and Auditors' Report

M/s. Pathak H. D. & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The Notes on Accounts referred to in Auditors' Report are self-explanatory and therefore do not call for any further comments.

Personnel

During the year, the Company has not paid any remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended. Hence, no information is required to be appended to this report in this regard.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

- i. Part A and B of the Rules, pertaining to conservation of energy and technology absorption, are not applicable to the Company.
- ii. Foreign Exchange Earnings and Outgo:

Foreign Exchange Earned	- Nil
Foreign Exchange Used	- Nil

Acknowledgement

Your Directors would like to express their appreciation for assistance and co-operation received from Banks, Government authorities, customers, vendors, employees and members during the year under review.

For and on behalf of the Board of Directors

S. Balasubramanian
Director

Vinay Kirloskar
Director

Place: Nagothane
Date: August 1, 2012

Auditor's Report

To the Members of Nagothane Agrofarms Private Limited

We have audited the attached Balance Sheet of **Nagothane Agrofarms Private Limited** as at 31st March, 2012, and the Statement of Profit and Loss 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.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 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 Company, so far as appears from our examination of those books;
 - c) The Balance Sheet and Statement of Profit and Loss referred to in this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet and the Statement of Profit and Loss dealt with by this report comply with the requirements of the mandatory accounting standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) Based on the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon

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:

- (i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
- (ii) in so far as it relates to the Statement of Profit and Loss, of the "Loss" of the Company for the year ended on that date.

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Registration No: 107783W

Anuj Bhatia
Partner
Membership No.: 122179

Nagothane
August 1, 2012

Annexure to the Auditors' Report

(Referred to in paragraph 2 of our report of even date)

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The fixed assets have been physically verified by the management during the period. No material discrepancies were noticed on such verification, as compared to the original records.
 - c. In our opinion and according to the information and explanations given to us, the Company has not disposed off any fixed assets.
2. In respect of its inventories:
 - a. The inventories have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.

3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore the requirements of clause (iii) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets, sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control systems.
5. In our opinion and according to information and explanations given to us, there are no contracts or arrangements, particulars of which need to be entered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of Clause (v) (b) of paragraph 4 of the Order are not applicable.
6. The Company has not accepted any deposit from the public. Therefore, the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the company.
7. The Company is not a listed Company and is not having a paid-up capital and reserves exceeding Rs.50 lakhs as at the commencement of the financial year and is also not having an average annual turnover exceeding Rupees five crores for a period of three consecutive financial years immediately preceding the financial year concerned and hence the provisions of Clause (vii) of paragraph 4 of the Order is not applicable
8. To the best of our knowledge and according to the information and explanations provided to us, the Central Government has not prescribed the maintenance of records under Section 209 (1) (d) of the Companies Act, 1956 in respect of operations carried out by the Company.
9. In respect of statutory dues:
 - a. According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, custom duty, excise duty, cess and other statutory dues as applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax and customs duty were outstanding, as at 31st March 2012 for a period of more than six months from the date they became payable.
 - b. There are no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
10. The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. The Company has incurred cash loss in the current financial year and also in the preceding financial year.
11. The Company has not borrowed any funds from financial institutions or banks and hence the provision of clause (xi) of paragraph 4 of Order is not applicable.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has no investments during the year and hence the provision of clause (xiv) of paragraph 4 of Order is not applicable.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not raised any term loan during the period under audit.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. The Company has not made any preferential allotment of shares during the period under audit to parties and companies covered under Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the period under audit.
20. The Company has not raised any monies by way of public issue during the period.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Registration No.: 107783W

Anuj Bhatia
Partner
Membership No.: 122179

Nagothane
August 1, 2012

Nagothane Agrofarms Private Limited
Balance Sheet as at 31st March, 2012

(Amount in ₹)

	Notes	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	1 00 000	1 00 000
Reserves and Surplus	2	<u>(15 45 562)</u>	<u>(11 18 2 39)</u>
		(14 45 562)	(10 18 239)
Non-Current Liabilities			
Long Term Provisions	3	15 42 000	13 77 000
Current Liabilities			
Trade Payables	4	7 37 140	99 577
Other Current Liabilities	4	14 30 210	19 49 200
Short Term Provisions	4	<u>27 000</u>	<u>-</u>
		21 94 350	20 48 777
Total		<u><u>22 90 788</u></u>	<u><u>24 07 538</u></u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	5	7 74 268	8 22 370
Current Assets			
Trade Receivables	6	9 320	46 660
Cash and Bank Balances	6	9 27 052	8 29 436
Short Term Loan and Advances	6	<u>5 80 148</u>	<u>7 09 072</u>
		15 16 520	15 85 168
Total		<u><u>22 90 788</u></u>	<u><u>24 07 538</u></u>
Significant Accounting Policies			
Notes on Financial Statements	1 to 16		

As per our Report of even date

For **Pathak H D & Associates**
Chartered Accountants

Anuj Bhatia
Partner

Nagothane
August 1, 2012

For and on behalf of the Board

S. Balasubramanian Director

Vinay D. Kirloskar Director

Nagothane Agrofarms Private Limited
Statement of Profit and Loss for the year ended 31st March, 2012

(Amount in ₹)

	Notes	2011-2012	2010-2011
INCOME			
Revenue from Operations	7	75 42 404	77 45 228
Other Income	8	10 663	-
Total Revenue		<u>75 53 067</u>	<u>77 45 228</u>
EXPENDITURE			
Employee Benefits Expense	9	76 67 625	84 58 054
Depreciation and amortisation expense		48 102	48 102
Other Expenses	10	2 64 663	2 48 637
Total Expenses		<u>79 80 390</u>	<u>87 54 793</u>
Loss before Tax		<u>(4 27 323)</u>	<u>(10 09 565)</u>
Current Tax		-	-
Loss for the year		<u>(4 27 323)</u>	<u>(10 09 565)</u>
Basic Earnings per equity share of face value of ₹ 10 each	11	(42.73)	(100.96)
Significant Accounting Policies	1 to 16		
Notes on Financial Statements			

As per our Report of even date

For **Pathak H D & Associates**
Chartered Accountants**Anuj Bhatia**
PartnerNagothane
August 1, 2012

For and on behalf of the Board

S. Balasubramanian Director**Vinay D. Kirloskar** Director

Significant Accounting Policies

A Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

B Use of Estimates

The presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of Revenues and Expenses during the reporting period. Difference between the actual result and the estimates are recognized in the period in which the results are known/ materialized.

C Revenue Recognition

The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

D Fixed Assets

Fixed Assets are stated at cost net of modvat/cenvat, less accumulated depreciation including impairment loss (if any).

E Depreciation

Depreciation on fixed assets is provided on straight line method(SLM) at the rates & in the manner prescribed in schedule XIV to the Companies Act, 1956.

F Impairment of Assets

An asset is treated as impaired when carrying cost of Assets exceeds its recoverable value. An impairment loss is charged in the Profit & Loss Account in the year in which an asset is Identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

G Employee Benefits

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and loss account of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

H Inventories

The inventories of agriculture products are valued at lower of costs or net realisable value.

I Provisions for Current and Deferred Tax

Provision for Current Income Tax is made on the taxable income under the Income Tax Act, 1961. Deferred tax arising on account of "timing difference" and which are capable of reversal in one or more subsequent periods, is recognized using the tax rates and tax laws that are enacted or substantively enacted. Deferred tax assets is recognized only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

Notes on Financial Statement for the Year ended 31st March, 2012

(Amount in ₹)

1 Share Capital	As at 31st March, 2012	As at 31st March, 2011
Authorised		
50,000 Equity Shares of ₹ 10 each (50,000)	5 00 000	5 00 000
	<u>5 00 000</u>	<u>5 00 000</u>
Issued, Subscribed and Paid up		
10,000 Equity Shares of ₹ 10 each fully paid up (10,000)	1 00 000	1 00 000
	<u>1 00 000</u>	<u>1 00 000</u>
Note:		
a) All the above 10000 (previous year 10000) equity shares of ₹ 10 each paid-up are held by Farm Enterprises Limited, the holding company along with its nominees.		
b) Reconciliation of Equity shares outstanding at the beginning and at the end of the year		
	As at 31st March, 2012 Nos.	As at 31st March, 2011 Nos.
Equity shares at the beginning	10 000	10 000
Add : Shares issued during the year	-	-
Equity shares at the end of the year	<u>10 000</u>	<u>10 000</u>
2 Reserves and Surplus	As at 31st March, 2012	As at 31st March, 2011
Profit and Loss Account		
As per last Balance Sheet	(11 18 239)	(1 08 674)
Add: Loss for the year	<u>(4 27 323)</u>	<u>(10 09 565)</u>
	<u>(15 45 562)</u>	<u>(11 18 239)</u>
3 Non-Current Liabilities		
Long Term Provisions		
Provision for Employee Benefits	<u>15 42 000</u>	13 77 000
	<u>15 42 000</u>	<u>13 77 000</u>
4 Current Liabilities		
Trade Payables*		
Micro, Small and Medium Enterprises	-	-
Others	<u>7 37 140</u>	<u>99 577</u>
	7 37 140	99 577
Other Current Liabilities		
Others #	14 30 210	19 49 200
Short Term Provisions		
Provisions For Employee Benefit	<u>27 000</u>	-
	<u>21 94 350</u>	<u>20 48 777</u>

* The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

Includes salary payable and statutory dues

Notes on Financial Statement for the Year ended 31st March, 2012

5 Fixed Assets

(Amount in ₹)

Description	Gross Block			Depreciation				Net Block		
	As at 01.04.2011	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2012	Upto 01.04.2011	For the year	Deductions Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible Assets										
Own Assets										
Plant & Machinery	10 12 675	-	-	10 12 675	1 90 305	48 102	-	2 38 407	7 74 268	8 22 370
TOTAL	10 12 675	-	-	10 12 675	1 90 305	48 102	-	2 38 407	7 74 268	8 22 370
Previous year	10 12 675	-	-	10 12 675	1 42 203	48 102	-	1 90 305	8 22 370	

6 Current Assets

	As at 31st March, 2012	As at 31st March, 2011
Trade Receivable (Unsecured and considered good)		
Over six months	-	-
others	<u>9 320</u>	<u>46 660</u>
	9 320	46 660
Cash and Bank Balances:		
Cash on hand	12	12
Balance with Banks	<u>9 27 040</u>	<u>8 29 424</u>
	9 27 052	8 29 436
Short Term Loans and Advances		
Advance Income tax (net of provision)	<u>5 80 148</u>	<u>7 09 072</u>
	<u>15 16 520</u>	<u>15 85 168</u>

7 Revenue from Operations

	2011 - 2012	2010 - 2011
Sale of Products	1 09 670	1 37 295
Sale of Services	<u>74 32 734</u>	<u>76 07 933</u>
	<u>75 42 404</u>	<u>77 45 228</u>
Particulars of Sale of Products/Services		
Flowers	1 09 670	1 37 295
Development Charges	<u>74 32 734</u>	<u>76 07 933</u>
	<u>75 42 404</u>	<u>77 45 228</u>
8 Other Income		
Interest Income	<u>10 663</u>	-
	<u>10 663</u>	<u>-</u>

Notes on Financial Statement for the Year ended 31st March, 2012

(Amount in ₹)

9	Employee Benefits Expense	2011-2012	2010-2011
	Contribution to provident and other funds	13 48 084	14 97 894
	Salaries and wages	50 85 046	60 57 654
	Staff welfare expenses	12 34 495	9 02 506
		<u>76 67 625</u>	<u>84 58 054</u>
10	Other Expenses		
	Establishment Expenses		
	Land Preparation Expenses	-	70 703
	Legal Filing Insurance	1 28 610	81 099
	Office Maintenance	66 000	49 500
	Professional Fees	45 000	15 000
	Purchases (Fertiliser and Chemicals)	-	1 550
	Repair and Maintenance	2 241	1 162
	General Expenses	340	7 563
		<u>2 42 191</u>	<u>2 26 577</u>
	Payment to Auditors		
	Audit Fees	13 483	13 236
	Tax Audit Fees	8 989	8 824
		<u>22 472</u>	<u>22 060</u>
		<u>2 64 663</u>	<u>2 48 637</u>
11	Earnings per share		
	Basic earnings per equity share (₹)	(42.73)	(100.96)
	Profit / (Loss) after tax (₹)	(4 27 323)	(10 09 565)
	Weighted average number of equity shares	10 000	10 000
	Nominal value per equity share (₹)	10	10
12	The revised schedule VI notified under the Companies Act 1956 has become applicable to the Company during the current year. The previous year figures have been reworked, regrouped, rearranged and reclassified, wherever necessary, to conform to revised schedule VI classification and are to be read in relation to the amounts and other disclosures relating to the current year.		
13	The Company is a Small and Medium Sized Company as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.		
14	Employee Benefits		
	The Company has followed Accounting Standard 15 "Employee Benefits"		
	The present value of obligation is determined based on actuarial valuation for both Gratuity and Leave Encashment. Based on the actuarial valuation ₹ 9,21,000/- and ₹ 6,48,000/- towards Gratuity and Leave Encashment respectively has been charged to Profit and Loss Account.		

Notes on Financial Statement for the Year ended 31st March, 2012

15 **Related Party**

As per Accounting Standard 18, notified in the Companies (Accounting Standards) Rules, 2006, the disclosures of transactions with the related parties are given below :

i) **List of related parties and relationships :**

Name of the Related Party

Relationship

Farm Enterprises Limited

Holding Company

ii) **Transactions during the year with related parties: NIL**

Balance as at 31st March, 2012

Holding Company

Share capital

1 00 000

1 00 000

Note: Figures in italics represents previous year's amount.

- 16 The Company does not have any material timing difference between book profit and taxable profit, hence no provision for deferred tax has been made in the books of account.

As per our Report of even date

For and on behalf of the Board

For **Pathak H D & Associates**
Chartered Accountants

S. Balasubramanian Director

Anuj Bhatia
Partner

Vinay D. Kirloskar Director

Nagothane
August 1, 2012