









# 14th Annual Report





January-December 2007

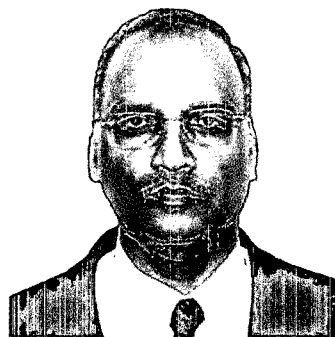
Advanta India Limited

## Board of Directors

	<b>JAI R. SHROFF (42)</b> Chairman	<ul style="list-style-type: none"> <li>Executive Director of United Phosphorus Limited</li> <li>Managing new projects &amp; ventures</li> </ul>
	<b>VIKRAM R. SHROFF (35)</b> Non-Executive Director	<ul style="list-style-type: none"> <li>Graduate in Chemistry and Harvard Business School alumnus</li> <li>Responsible for human resource planning, purchase, commercial, marketing &amp; production at United Phosphorus Limited</li> </ul>
	<b>V. R. KAUNDINYA (52)</b> Managing Director	<ul style="list-style-type: none"> <li>Graduate in Agriculture, and IIM (A) alumnus in Agri-business</li> <li>Over 26 Years of experience in agriculture industry</li> </ul>
	<b>HARDEEP SINGH (54)</b> Independent Director	<ul style="list-style-type: none"> <li>Alumnus of Kellogg School of Management</li> <li>Ex-chairman of Cargill India</li> <li>Currently on the Board of Punjab Tractors Ltd.</li> </ul>
	<b>VINOD SETHI (46)</b> Independent Director	<ul style="list-style-type: none"> <li>Alumnus of IIT Bombay &amp; Stern Graduate School of Business</li> <li>Served as CIO at Morgan Stanley for 12 years</li> </ul>
	<b>Dr. VASANT GANDHI (54)</b> Independent Director	<ul style="list-style-type: none"> <li>Alumnus of IIM Amedabad and Stanford University</li> <li>Worked with NDDB, Stanford University, the World Bank and the International Food Policy Research Institute</li> <li>Currently Professor at IIM Ahmedabad</li> </ul>

## A World Class Advisory Board

Name		Background
Felipe Osorio		Colombian citizen – 20 years experience with agricultural input industry in USA, Latin America and Asia – last 14 years with Monsanto – now heads Alianza TEAM in Colombia
Dr. Ganesh Kishore		US citizen –former Chief Biotechnology Officer at DuPont – Former Chief Biotechnologist and President, Nutrition Sector, Monsanto Company– 27 years experience in biotech & seed industry and inventor of major Ag traits
Sam Dryden		US citizen – investor and developer of Life Sciences ventures with particular application, scale & commercialization of early stage technologies-currently Managing Director of Wolfensohn & Co focusing on private equity investments in biofuels and alternate energy technologies – CEO of Emergent Genetics LLC
Jonathan Malkin		US citizen – 20 years experience in Ag germplasm – Founder & Managing General Partner of ATP Capital LP, a private equity fund



Dear friends

I am very pleased to present to you the 14th Annual Report of Advanta India. The financial results of our performance are there for all of you to see in this report. Let me try to give you some information about the other strategic aspects of our business which are not reflected in the financial statements.

Agriculture around the world has seen an upsurge in demand for better quality agricultural inputs during 2007. This is because of the

increasing prices of agricultural commodities. This phenomenon is likely to continue for a few years as demand for food is outstripping supply in many parts of the world.

Biotechnology continues to be the most important technological change ever to happen in agriculture. The world has witnessed more than 100m hectares of biotech crops being planted in this year. It is estimated that the biotech crops have contributed a value of more than 7B\$ to the overall seed market in this year. This is the fastest growing segment in this market. It is imperative that for any seed company to remain competitive in the global scenario, it is very important to have access to biotech traits.

2007 was the first full year of operation for Advanta in its new form after its acquisition by United Phosphorus in February 2006. Some of the significant milestones that we crossed during this year are:

- We are now the largest Indian seed company with global operations.
- We have crossed a revenue of 100M\$ for the year. This places us in a league of medium sized global seed companies.
- We had a very successful IPO in the month of March 2007. 30% of our shares are now held by the public and financial institutions. The investors and the market have shown a tremendous faith in our company which is reflected in the way our shares are traded on the Bombay Stock Exchange today.
- We have established a world-class Advisory Board for the company. The board meets every quarter and gives very valuable guidance on the strategic direction the company has to take for future growth. This has been a very rewarding experience.
- One of the decisions we took, with the help of the Advisory Board, is to define our core crops. We have identified Sorghum, Sunflower, Tropical Corn and Vegetables as our core crops at the global level. However, Rice, Cotton and Brassicas (Canola and Mustard) play a very important role for us in some regions of the world. Hence we have identified them as Regional Support Crops. These definitions help us to take some critical decisions with regard to the investments we make in different crops.
- We have declared that our strategy is to invest in research and development. This includes both breeding and biotechnology. We have stepped up our annual research budget significantly to 6% of revenues in 2007. We are likely to increase it to 10% of our revenues in 2008. This is a very important decision. Investment in creation of Intellectual Property is the only way we can remain competitive in the markets in future.
- Another important aspect of our strategy is geographic expansion of our business. We are working on strategies to strengthen our position in various important countries like Brazil, USA, China, Indonesia and Russia/Ukraine. We have received new registrations for our products in Vietnam, Indonesia and Brazil during this year.
- We will use selective acquisitions as a strategy to strengthen our position in the core crops and the geographies we have identified for expansion. We have demonstrated this by negating four important acquisitions, out of which two got concluded in 2007 and the other two got concluded in the first quarter of 2008.

- Acquisition of Longreach Plant Breeders, a wheat research company in Australia, gives us an opportunity to grow our business in Australia and to participate in this crop which is quickly becoming very important because of the need to increase yields in this crop.
- Acquisition of Golden and Unicorn in India gives us an entry into the Vegetables seed market and provides us a platform to expand this segment rapidly at the global level. We believe that there is a great opportunity to grow the business in this segment because of the growing need for better quality vegetables and the retail revolution.
- The acquisition of Garrison Townsend, a sorghum company in USA, gives us a tremendous platform in the US markets apart from strengthening our position in Sorghum, our top most core crop. We believe that there is a great opportunity for sorghum in the bio-energy area.
- We introduced transgenic crops for the first time. Bt Corn in Argentina and Bt Cotton in India marked our entry into this important new market segment. During the year the Governments of some of the states in Australia have lifted the moratorium on transgenic Canola, paving the way for the introduction of Round Up Ready (RR) Canola in 2008. We are at the forefront of this introduction with our high quality RR Canola hybrids.
- Nutrisun project made good progress towards the targeted launch in 2009. During the year we signed two separate MoUs with TEAM and CALSA, two prominent companies in Latin America for research and development of the formulation of oil. We have also undertaken production of Nutrisun sunflower seed during the year.
- We have launched the first Hybrid Mustard seed in India during the year. This is a significant development and is a result of many years of high quality breeding program we have in India for this crop. We are very confident that the yield benefits that are brought about by our hybrid (Coral) will help in improving the oil seeds production in the country.
- Among our subsidiaries Australia and Argentina produced outstanding results during the year. Our team in Australia overcame the challenges posed by the continuing drought and produced excellent results. Our Argentinian team utilised the market conditions very well and produced excellent results. Our new field corn product in Thailand received an excellent response from the farmers.
- The Indian business has shown a very good growth compared to last year. Our business in Corn and Rice were very good during the year. Our Bt cotton business suffered due to a low quality product supplied by Nath Biogene (I) Ltd. under a supply contract we had with them.
- Our International business was impacted adversely due to the changes in the exchange rate of US Dollar. However we had significant growth in the sales of our products in many parts of the world.
- We have initiated an exercise to optimise the global production and supply of our products. We believe that we have an opportunity to improve the efficiency of our operations through this initiative.

Overall 2007 was a very good year for us. Some of the strategic initiatives we have taken during the year will give us tremendous benefits in the medium term.

We are taking up some more exciting initiatives in 2008. We have an excellent management team that is working very hard to make things happen. These are exciting times for Advanta. We are sure you, being a shareholder, feel the same way!

Thank you for your support.

Sincerely,

VR Kaundinya  
CEO & Managing Director  
Advanta India Limited

## ABOUT ADVANTA

Welcome to Advanta India Limited. The First Indian multinational seed company with global footprints. It is a group company of United Phosphorus Limited, a large Indian group in the global Agro Chemical sector with a turnover over Rs. 2000 crores. Advanta India Limited is the holding company for the global business of Advanta.

We are a company with a strong presence in the domestic & international markets. We have been steadily investing in research, development and technology. We have an unique, superior & proprietary germplasm and intellectual properties which give us a robust platform for growth.

A global leader in plant breeding & application of biotechnology, we develop value added new hybrids & variety of field crops. Advanta is committed to drive sustained growth with worldclass genetics & innovative technology.

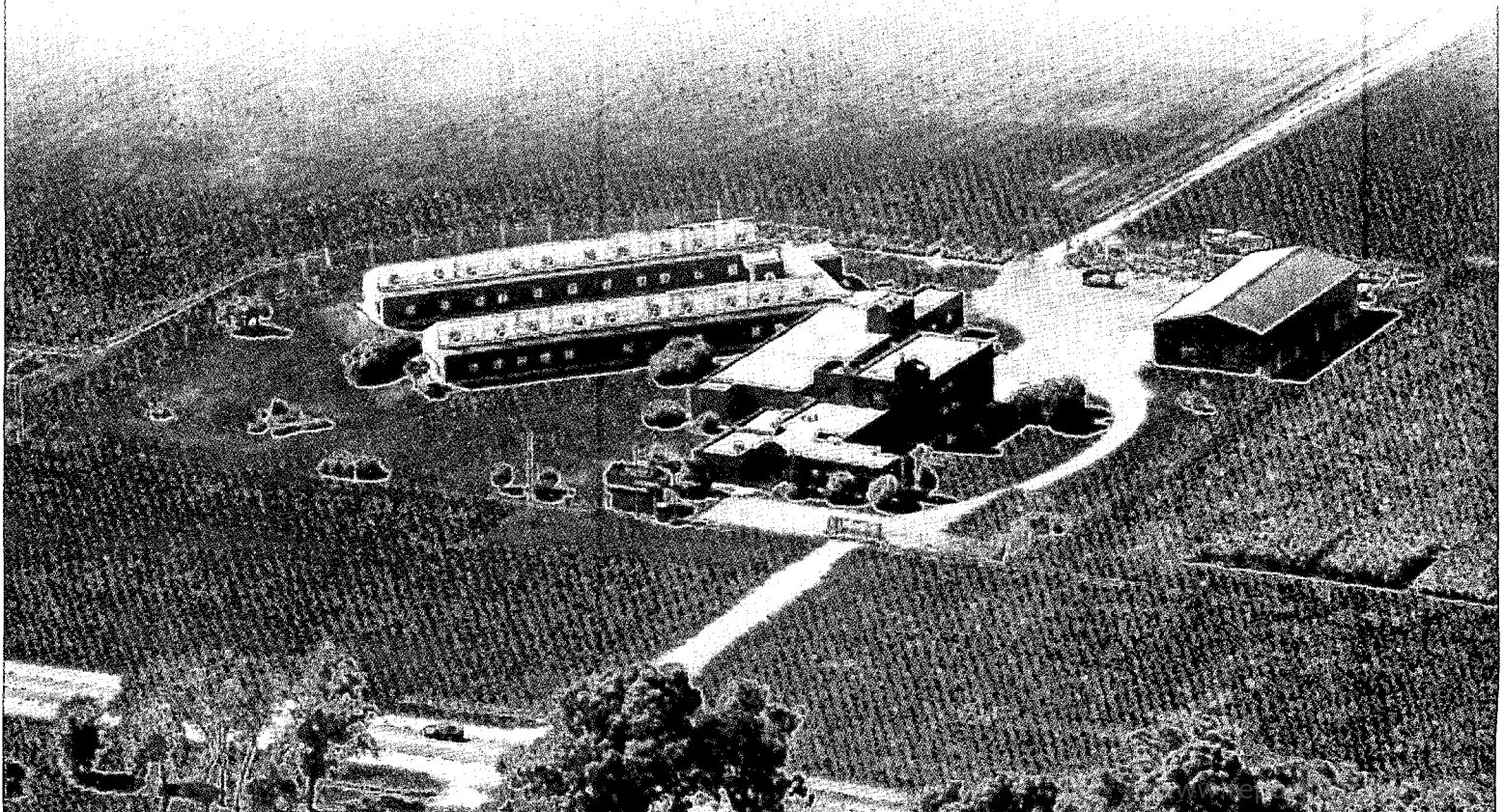
Our aim is to become a global hub for creating products that are used worldwide. With full crop solutions we shall strive to improve the profitability of the entire farmer fraternity.

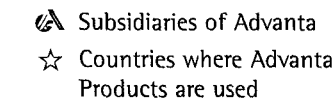
Advanta is now embarking upon a very aggressive growth strategy. While organic growth will be a key factor in this, strategic acquisitions will play a crucial role in achieving our objectives set for the next five years.

## GLOBAL BUSINESS FOOTPRINTS

In today's highly competitive & global market, seed companies need the leverage of a leading global sales position in order to sustain the considerable R&D investments. Advanta has an active presence in Asia, Australia and Latin America.

We are headquartered in India and have subsidiaries driving our global business in Australia, Argentina and Thailand. Indonesia, Vietnam and USA and some new locations that will soon be added to our global network. Advanta is well positioned to access key markets worldwide & has necessary infrastructure to fuel future business growth. The company owns facilities for production, processing, warehousing as well as major research & development centres worldwide.





	Advanta India	Pacific Seeds Australia	Advanta Semillas Argentina	Pacific Seeds Thailand	Golden Seeds India	Unicorn Seeds India	Garrison & Townsend
OPERATIONS	India	Australia and other international markets	Argentina	Thailand	India	India	USA
MAJOR CROPS	Rice, Cotton, Canola, Corn, Sunflower, Sorghum, Mustard	Sorghum, Corn, Sunflower, Canola, Wheat	Sunflower, Sorghum, Corn	Tropical field corn, Baby & Sweet Corn, Sorghum, Sunflower	Cabbage, Gourds, Cauliflower, Okra, Hot Pepper, Peas, Tomato, Melons, Brinjal, Baby Corn Cucumbers, Beet Root, Sweet Corn	Cabbages, Melons, Cucumber, Okra, Flower Seeds, Hot Pepper, Tomato & all other leading crops	Sorghum
DISTRIBUTION	300 distributors catering to 10,000 dealers	Major agricultural retailers & independent dealers	8 agents and over 250 distributors	350 dealers and 550 sub-dealers	More than 650 across the country	More than 300 across the country	Private labeling for more than 30 multinational and regional customers

## Long Term Relationship in Asia, Latin America, Africa and Middle East

R & D	3 research stations for plant breeding Biotech and Dihaploid labs	Developed R & D platform with lab support across 3 locations in Australia	Nutrisun program  Tissue culture & plant pathology	R & D focus for varieties in corn  Center of Excellence for Tropical breeding	<b>Delhi and Kullu:</b> Brassicas, Leafy, Root crops, large seeds <b>Bangalore:</b> Solaneceous, Cucurbits, Melons & Minor Crops <b>Hyderabad:</b> Screening stations	<b>Hyderabad:</b> Solaneceous, Cucurbits, Large Seeds	Established R&D program focusing on improvement and Value Added Trait development testing and disease screening sites throughout US and Mexico.
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## Production through Contract Farming at all locations

PRODUCTION & PROCESSING	2 processing plants for seed treatment and packaging	Production through owned farms  3 processing plants	1 plant for processing and related activities	Own processing facility located in Thailand	Domestic in Northern & Southern parts of the country Processing:Sri Ganganagar, Ranabennur. Packing:Bangalore and Delhi	Domestic in Northern and Southern parts of the country Processing and Packing : Hyderabad	Own 1 processing facility in US. Production is conducted on 100% irrigated acres annually leased under growing contracts.
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## OUR BUSINESS SPECTRUM

### Field Crops

At Advanta, we use genetics to leapfrog into the future and innovation to usher in prosperity. We utilise value addition to seed with Molecular Marker technology in some crops, and added biotech traits.

Across the globe, we enjoy leadership position in Sorghum, Sunflower and Tropical Corn. In India, our strengths also lie in Hybrid Rice, Pearl Millet and Mustard with our brand 'Advanta' and in Cole crops and Vegetables with 'Golden Seeds'. Our brand 'Uniphos Seeds' participates in Cotton market with its new-age technology.

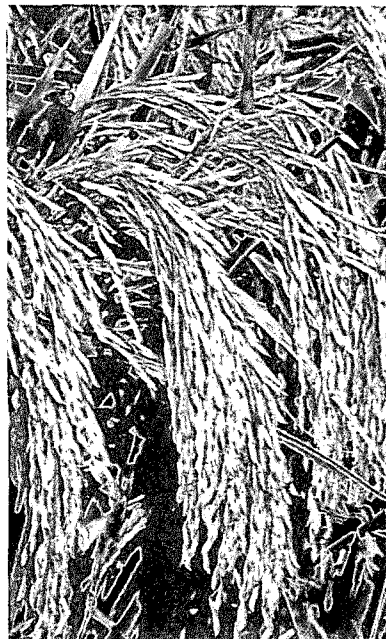
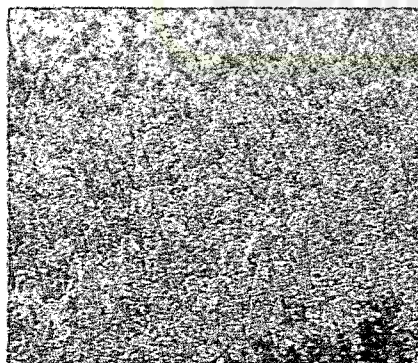


### Nutrisun – High Stearic-High Oleic Sunflower Oil

At the Research Station located in Balcarce, Argentina, a global research center, scientists carried out a research program devoted to develop healthy oil producing sunflower hybrids.

A multidisciplinary group, highly qualified in science and technology, works at improving sunflower traits, modifying the fatty acid profile through a non-GM technology in order to obtain healthy sunflower oil. This is intended to attend to the requirements of the newly developing industry for healthy food.

Advanta not only offers food companies an opportunity for new products development, intended to satisfy the increasing demand for healthy food, but also seeks to work together with them to generate new and high quality products, according to the regulations of each country. This technology is slated to be commercialized in 2009. During this year Advanta signed MoUs with two Latin American companies to undertake developmental work in formulations.



## Vegetables



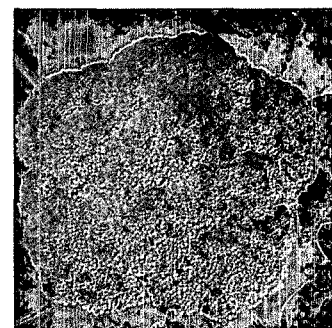
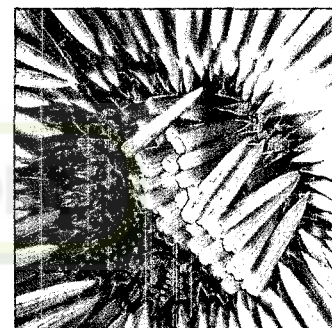
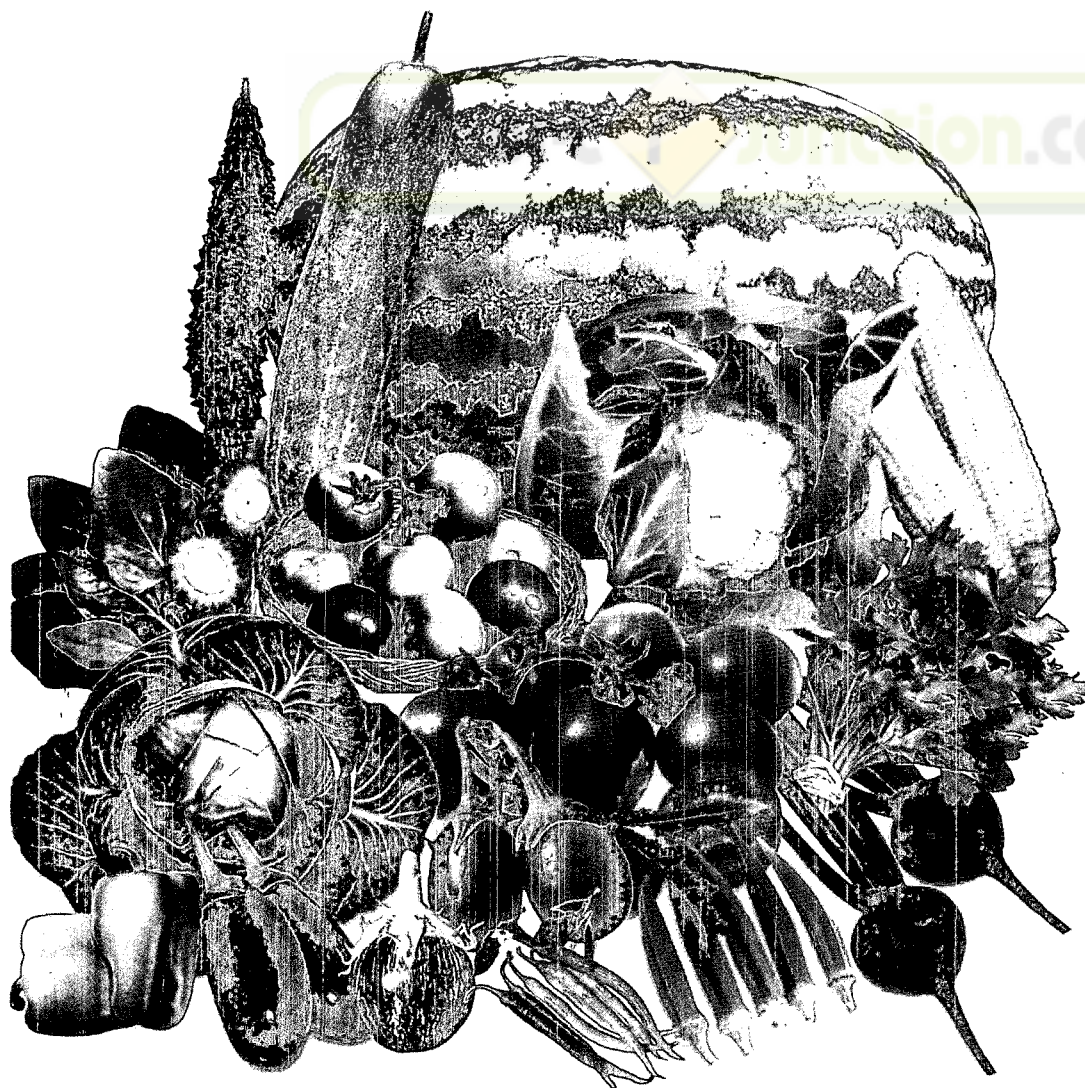
Unicorn Seeds Ltd.

Advanta India Ltd., has just acquired the Vegetable seeds business of Golden Seeds Pvt. Ltd., one of the top vegetable seeds company in India. Their products are well-known by their name 'Golden' & 'Vigro' brand among the vegetable farmers in India.

This gives Advanta a platform in the upcoming vegetable seed arena in the tropical markets of the world. Advanta's sweet corn and baby corn business will be combined with the vegetable seed business of Golden to create a vegetables seed business unit within Advanta that will take up growth strategies in this market segment.

Advanta India recently also acquired the vegetables seed business of Unicorn Seeds Limited. The products are known by the brand names 'Grower's choice' and 'Prestige' among the vegetables farmers in India.

With this acquisition Advanta's platform in vegetable seeds will become stronger with added crops to its current vegetable product portfolio. With the added products like Melons and Cucumber from Unicorn the combined vegetable portfolio (Golden and Unicorn) will make Advanta a significant player in the Vegetable Seed Market.



## R&D FACILITIES AND CAPABILITIES

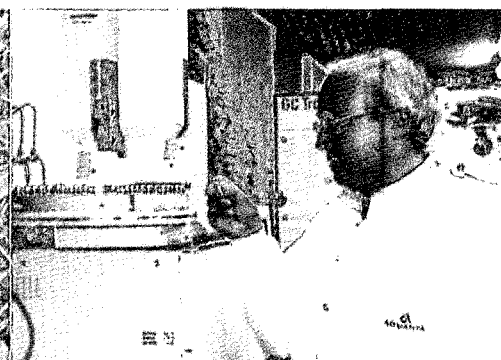
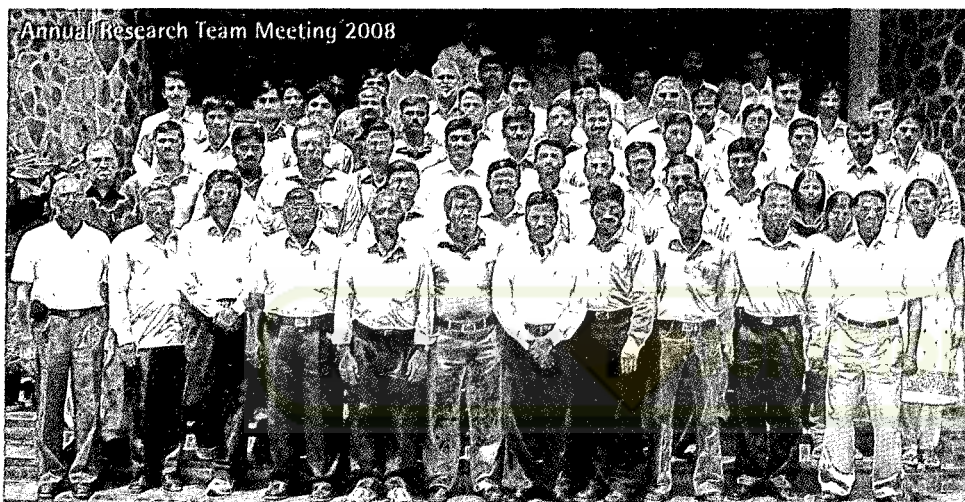
Research and development is a cornerstone of Advanta's global business. Its R&D strategy involves realising genetic gains in its elite, proprietary germplasm at a faster rate and at a higher quality than its competitors.

Advanta has invested in a series of biotechnology tools such as DNA markers, Dihaploidy and plant transformation and in the know-how to integrate and deploy them more effectively than the rest of the industry. We have strong research & development capabilities in genetics which provide us a critical edge to develop innovative products.

We have a dedicated team of over 100 employees worldwide who are focussed on the development of new or improved proprietary hybrids based on their research. Product testing networks spread across relevant agro- marketing regions and the processes, guide selection and promotion of Advanta products.



Annual Research Team Meeting 2008

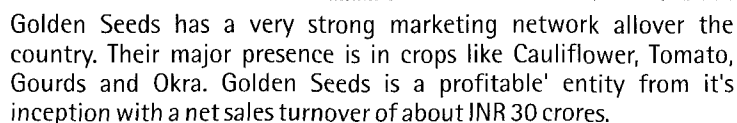


1st June 2007

The commercial operations of Golden Seeds are based in Bangalore, Delhi and Pune and their research, production and trial stations are spread across the country in different agroclimatic zones.

4th January, 2008

"We hope to leverage the strong brand equity of Unicorn , excellent breeding programs and outstanding production capabilities to create leadership position for ourselves in this market segment" said Mr.V.R.Kaundinya, C.E.O of Advanta.



3rd November 07

This acquisition bolsters the company's 2004 entry into the Australian wheat seed industry, providing a plant breeding and germplasm platform from which to grow this expanding business.

4th March, 2008

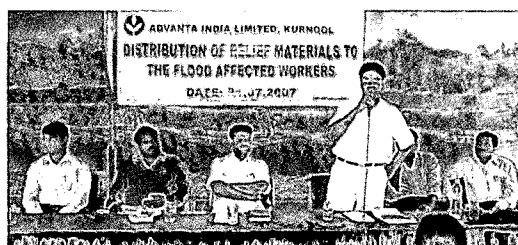
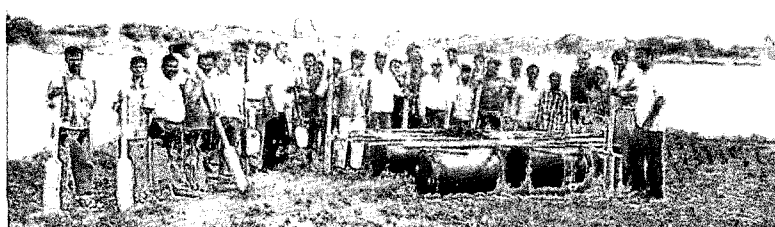
"We are very excited about this acquisition which gives us a foothold in the US markets. Sorghum throws up an interesting opportunity for us at this point of time" said Mr. V.R.Kaundinya, CEO of Advanta.

**Completed FOUR acquisitions in last two years**

	Company	Country	Crop	From
1	Longreach	Australia	Wheat	Syngenta
2	Golden	India	Vegetables	Promoters
3	Unicorn	India	Vegetables	Promoters
4	Garrison & Townsend	USA	Sorghum	Promoters

## EMPLOYEE WELFARE ACTIVITIES

Two days training on Fire Safety and Flood Rescue training was conducted at our Kurnool Factory on 20th and 21st July 2007. Villagers and factory workers were given live training on Fire Safety and Flood Rescue in Tungabhadra river which is flowing along the Kurnool city with easy and cost-effective materials available with them.



Heavy rains at Kurnool on 22/06/07 and 23/06/07 washed away Houses and belongings of most of our factory workers in Kurnool city. The management decided to distribute Household relief materials to the flood affected workers.

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVE

Profitability is nowadays a main need in any company. But the truth is that profitability is not something that can be achieved and held onto only by itself. And here is where every company requires a fundamental resource: its people!

In an economic environment always changing, moving and demanding, companies are starting to understand the responsibility of providing its employees with the methods to improve its personal and family life. This effort requires policies to answer the particular needs of each person working in the corporation. This kind of practice is not only beneficial for employees, but also for the companies, because it gives them the chance of attracting and retaining professional talents

### A company engaged with its people - Advanta Semillas SAIC (Argentina)

Following this trend, Advanta Semillas SAIC offers its employees' children in Argentina, for the fifth consecutive year, the Scholarship Program for Superior Studies.

This scholarship consists of an economic contribution, paid between March and December, to be applied for all kinds of educational expenses.

The scholarship is designated to those who are about to start superior studies, or for those who are already studying.

First year students are all considered, having to prove in the following stages certain academic level to keep the scholarship. This benefit not only promotes superior education, but also the

excellence and the spirit of effort and development.

In the five years since this program was created, the company has not only perceived an increase of applications, but also has known the joy of seeing several of the scholarship holders get graduated in different specialities.

The goal of the Advanta Scholarship Program is to contribute to the development and growth of its employees' children. It's through this benefit that Advanta Semillas SAIC shows the importance that the company gives to superior education, not only as a way to achieve academic excellence, but also as a way to develop the human spirit.



PacThai give the Scholarship to the student in Lopburi [on 5th Mar-08]



PacThai make a seed donation to Princess Sirinthorn for using in the school under her Royal Patronage [on 7th Jan-08]

