

18th Annual Report

January-December 2011





Dear Shareholder

I have great pleasure in presenting our annual report for the year 2011 to you. We are very happy that the performance of your company is heartwarming during this year. Coming on the heels of a difficult 2010, the year 2011 was very good for all of us.

We have seen a 40% growth in revenues and a 88% growth in EBITDA during the year. This is a phenomenal performance even after providing for a bad year in 2010. Our gross margins improved from 44% to 46% which contributed significantly towards higher bottom line.

A few factors contributed to this good performance.

- Sunflower market is back to normal. We recorded a 57% growth in the revenues of this crop. We have run out of stocks in Latin America due to heavy sales. Pakistan had an unexpected good run in the last quarter with sunflower which helped us quite a lot.
- Pac Thai has achieved the status of a top player in the corn markets of Thailand. They have achieved a record sale of corn. Their overall business has grown by 89% during the year.
- Canola business in Australia has hit a purple patch. Our Triazine Tolerant (TT) products have got a very good pull in the market and have produced excellent results. We achieved a 76% growth in our global canola sales.
- We had an excellent year in Argentina. Backed by a successful season in sorghum, sunflower, corn and other crops they have achieved a record sales during the year with a growth of 25% in their revenues.
- Overall corn has done exceedingly well. We could not meet the demand in some of the countries. The corn business has grown by 59%, making it one of the best years for us in corn. We have seen great success with our hybrids PAC 999S and PAC 339 in various Asian countries like Indonesia and some of the North Latin American countries.
- The rice business in India has grown substantially, on the back of an active participation in the Government subsidy business.
- Our efforts to introduce high quality forage crops in India are yielding good results. Nutirfeed, Sugargraze, Makhana Grass and other forage products are getting excellent response.
- The sweet corn business has produced a record sale with a 88% growth.
- We have seen some initial success with our wheat varieties in Australia. Longreach is a wheat breeding program in which we have been investing continuously since its acquisition in 2007. The program has produced some good varieties like Scout, Spitfire and Cobra which have started gaining market share this year. This augurs well for us.
- The Nutrisun project has started with the commercialization of the products this year with some very good results in the frying oil segment.
- We continue to invest about 11% of our revenues in research. This might bring down current profits but it is an investment being made in the future of the business. We have enhanced our investment considerably in marker assisted breeding.

In addition to this

- We consolidated our US operations by closing down the Crosbyton facility and combining it with the facility in Hereford. This will save costs and bring greater efficiencies.
- We have brought in a more transparent and financial evaluation based model of research investments and appropriate budgeting of these expenses. We are now keeping a better track of our new product pipeline that is coming up for future introductions.
- We negotiated GM corn agreements with Monsanto for Brazil and Philippines which should help us in increasing our GM corn business substantially by 2015. This could be a big jump for us.
- We have arrived at a business model for India which should hopefully help them to improve their performance in future. Focused field teams led by experienced seed managers and linking of back end to Advanta global are positive developments which should help the business. The production and sales both will be done by UPL, thereby bringing a smoother flow of operations. Advanta brand and Advanta research will continue.
- The year started with a difficult inventory situation for us. With diligent production planning and inventory control we could convert a large part of our inventories to cash by the end of the year.

Overall 2011 was a good year for us. We hope to continue this trend into the future too although weather plays an important role in converting our plans into realities.

We thank you for your continued support and the confidence bestowed on us. We are sure we will continue to perform well and take Advanta down the path of excellent growth and prosperity.

Thank you.

V.R. Kaundinya
Managing Director & CEO

SUNFLOWER

Sunflower (*Helianthus annuus*) is an annual plant native to the Americas.

From the Americas, sunflower seeds were brought to Europe in the 16th century, where, along with sunflower oil, they became a widespread cooking ingredient. Nowadays, in addition to those traditional uses sunflower oil can be used for industrial applications, as lubricant, feedstock for biodiesel production, cosmetic adjuvant, paint adjuvant and many other applications. The cake remaining, after the seeds have been processed for oil, is used as a livestock feed.

Sunflower is cultivated with success in all continents, in Americas, Europe, Asia, Australia and its acreage has been constantly growing to cover now more than 25 millions hectares. Its main cultivation area is the basin around the Black Sea, in countries like Russia, Ukraine, Romania, Bulgaria and Turkey. Significant acreage is also grown in Argentina, India, Pakistan, France, Spain, Myanmar.

Sunflower oil represents the fourth source of vegetable and edible oil among 17 crops, after palm oil, soybean oil and oil seed rape oil.

Regular sunflower oil is mainly composed of the following fatty acids:

- Palmitic acid : 4 – 9%
- Stearic acid : 1 – 7%
- Oleic acid : 14 – 40%
- Linoleic acid : 48 – 74%

Several other types of sunflower oils are also produced, such as high oleic and mid oleic. High oleic sunflower oil has at least 82% oleic acid. Variation in unsaturated fatty acids profile is strongly influenced by both genetics and climate. In the last decade, high stearic sunflower lines have been developed in Spain to avoid the use of partially hydrogenated vegetable oils in the food industry.

Sunflower oil also contains tocopherols, carotenoids and waxes and has high vitamin E content. It is a combination of monounsaturated and polyunsaturated fats with low saturated fat levels.

ADVANTA SUNFLOWER BUSINESS

Advanta sunflower germplasm is very rich and very diversified and can be grown in many geographies in the world, from tropical and subtropical, to temperate environments. Starting from various breeding programs established world wide, Advanta breeding strategy is now focusing on developing new cultivars adapted to the main cultivations areas, the Black Sea and Latin America. Current commercial cultivars are among the best performing and most competitive in their maturity groups. Main breeding objectives include yield performance and yield stability, pathogen resistance, herbicide tolerance, oil quality.





Marker assisted selection has been introduced very early in Advanta breeding programs. Advanta is the sunflower company enjoying most knowledge and experience in this area, through its biotechnology laboratory of Balcarce, which is fully dedicated to sunflower. It is still a strong strategic aim to keep up with the most advanced genomic tools and enhance the efficiency of its main breeding programs.

Sunflower Business in Argentina: a renewed and innovative portfolio for a growing market share.

Advanta market share in the Argentinean sunflower market has reached 13% in 2011. In the last 5 years it has experienced significant growth, exceeding 50% in volume, based on the development and introduction of new products, and the mass adoption of CL technology, focusing on improving profitability across the line products.

The current product portfolio (2011) is composed of 11 hybrids of high performance and incorporating the latest technologies in the crop of sunflower, Clearfield, a registered trademark of BASF, High Oleic and the combination of both. The good performance of new products, the extensive research program, the increased brand awareness and recognition and an expanded sales force are the main strengths of the company locally to ensure sustained growth.

The latest innovation to the market by Advanta Argentina is the development of an innovative hybrid line through new crop design that will enable high density cultivation, allowing the use of more production inputs, and enhancing crop performance and yield stability.

Sunflower international business: an historical presence and a strong market share through well adapted germplasm and high performing hybrids.

Advanta sunflower germplasm is particularly adapted to subtropical and tropical environments and its hybrids, like Hysun 33, combined over the last two decades very good performance and high yield stability in many geographies in various continents. Then Advanta is a key player in India, Africa, Latin America, China, Pakistan, US, with significant market shares in each of those geographies.

Sunflower business development in Europe: close to commercial launch of a European portfolio under ALTA seeds brand.

Advanta will soon harvest the first fruits of their investments in Europe. After 4 years of research, development and registration efforts, first sunflower sales are planned in Romania, Bulgaria, Ukraine, and France at the end of 2012. Advanta will launch under the ALTA seeds brand to the farmers of those countries 5 hybrids, of which 2 are Conventional, 2 are Clearfield herbicide tolerant, and one is combining High Oleic and Clearfield herbicide tolerant traits.

A new research and breeding station has been created in 2011 in France, near Toulouse, to serve the needs of a constantly growing European market and to offer innovative hybrids in the future.

A breakthrough in sunflower oil quality - NUTRISUN PROJECT: High Stearic High Oleic Sunflower Oils

Nutrisun is a special program within Advanta in sunflower which aims at developing and implementing traits related to oils quality. Advanta owns intellectual property on high stearic and high oleic traits. Advanta's objective is to capture value out of these special quality traits at industrial level.

The Nutrisun challenge is to deliver premium oils for different food and industrial applications by integrating the whole sunflower oil chain through strategic alliances with oil crushers and manufacturers.

Nutrisun hybrids contain a high level of stearic acid, a solid fatty acid at normal temperature, that can replace tropical fats, palm oil, hydrogenated fats, the last two strongly questioned regarding environmental and health issues. On the other hand, increased oleic acid level, together with very low linoleic content provides high stability and resistance to oxidation to Nutrisun oil. Functionality, stability and regulation compliance are the stronger driving factors for our products positioning. Nutrisun hybrid portfolio is now rich of one High Stearic High Oleic hybrid, HS03, one Mid Stearic, and one Ultra High Oleic.



CANOLA

Canola and Indian Mustard, two oilseeds crops belonging to the Brassica's family.

Canola (Brassica Napus) was developed in the 70's through conventional plant breeding from rapeseed, an oilseed plant already used in ancient civilization as a fuel. The name Canola is a recent creation, standing for 'CANadian Oil with Low (erucic) Acid'. This crop profile was developed to improve oil quality, reducing the level of Erucic Acid and Glucosinolates, both compounds having undesired effects in human and animal consumption.

Hundreds of years ago, rapeseed oil was used as a fuel in lamps in Asia and Europe. The Chinese and Indians used a form of rapeseed oil that was unrefined (natural). Then with the development of industry, the demand for this oil rapidly increased as lubricant for steam engines.

The use as edible oil is quite recent and started 50 years ago, but this oil was at this time of low quality. It also contained a high concentration of erucic acid. Feed meal from the rapeseed plant also was not particularly appealing to livestock, due to high levels of glucosinolates. More recently, canola oil was used as feedstock for bio-diesel production, and greatly contributed to GHG emissions reduction.

Nowadays Canola oil offers one of the highest profiles of oil quality. Since the 90's, the crop profile rapidly evolved to offer to farmers herbicide tolerant hybrids (obtained by conventional breeding, genetic modification and mutagenesis) and to consumers new oil profile such as High Oleic Canola.

Spring Canola crop is mainly cultivated in Canada, US, Australia, but some significant acreage is also grown in Russia, Iran, South Africa and Pakistan.



Advanta Canola Business: A leadership position in Australia:

Advanta is a key player in the spring canola business, mainly in Australia. All R&D Operations are located in this country and a focused and efficient breeding program is regularly releasing high performing hybrids, making Advanta portfolio the best and widest across the industry. All herbicide tolerance technologies are available, (Round Up Ready, Triazine Tolerant, Clearfield) as well as all maturities required for the Australian market.

High focus on hybrids is also critical to progressively shift from an OP's and farm saved seeds market to a hybrid dominated market, enabling rapid crop productivity enhancement.

The quality and breadth of the Advanta canola portfolio, combined with high brand equity and strong field presence provides the company a leadership position on this market and a dominant market share.

Advanta International Presence

Many hybrids coming out of this program are well suited for other geographies and are successfully grown in South Africa, Argentina, Brazil, India, Northern Europe, Ukraine, demonstrating again the competitiveness and versatility of Advanta Canola breeding program.





INDIAN MUSTARD

Indian mustard (*Brassica Juncea*) is another brassica used as an oilseed crop, though the oil profile is different from Canola oil: the levels of Erucic acid and glucosinolates are higher than in canola oil, making this oil more pungent and more praised in many parts of India and in the traditional Indian cuisine.

Indian mustard as a crop is more adapted to hot and dry environments than canola. Indian Mustard is a major source of edible oil in India, Bangladesh and Sri Lanka, with more than 8 million hectares harvested. It could also become a good source of feedstock for bio-diesel production and a number of tests are being run in different geographies.

Advanta's Commitment to Indian Mustard Development

Advanta became the first company to commercialize an Indian Mustard Hybrid in 2007, by launching Coral 432 which showed a high yield performance, good cold tolerance, high oil content. This was at this time a major breakthrough, though the crop can be considered at the beginning of its development and showing good potential to develop.

Advanta's first priority is now to improve hybridization system and enlarge its portfolio, so the hybrid penetration on the seeds market can progressively expand in all-India geographies. As well, mid and long term projects are dedicated to oil profile improvements, reducing level of undesired compounds, while maintaining oil taste for instance.

CONCLUSION

Sunflower, Canola, Indian mustard, all three oilseeds crops, take a place of choice in Advanta strategy and crop portfolio. They will for sure drive company's growth in the next decade by developing seeds business in Europe where Advanta was not present yet, in key geographies like Australia, India or Argentina, Africa, Latin America and China and by constantly innovating through new traits, new genomic tools, new crop design, new oil quality and integrated business model enabling more value capture. Those crops also show good synergies in the R&D area, through common market technology platform for instance, and good geographic complementarities. They all contribute to Advanta's establishment as a global player in oilseeds market.





Ms. Arun Jyothi, Head Mistress of Zilla Parishad Government High School welcoming the Advanta CSR Team.



Visit of Mr. Kaundinya to the Zilla Parishad High Schools.

CSR INITIATIVES UNDERTAKEN BY ADVANTA

Advanta is committed to improve the quality of life of the workforce and their families and also the community and society at large. The Company believes in undertaking business in such a way that it leads to overall development of all Stakeholders and Society.

As a part of Advanta's commitment to support efforts to provide quality education to all children, it has provided the basic amenities to Zilla Parishad Government High school and Zilla Parishad Primary School situated in Vavilala village, Andhra Pradesh, for the benefit of students from the underprivileged section of the society. The total contribution made by the Company for the betterment of the schools was more than Rs. 5,00,000/-. Mr. V. R. Kaundinya, Managing Director of the Company has personally visited the schools, addressed the children and dedicated the funded facilities to the School Management.

Mr. V.R. Kaundinya addressing the school children in Vavilala village.



Board of Directors



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Non-Executive
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