

## NOTICE

NOTICE is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of **JK Agri Genetics Limited** will be held at **Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata -700 020** on Thursday, the 24<sup>th</sup> February 2011 at 11.30 A.M. to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended 30<sup>th</sup> September 2010 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Vikrampati Singhania who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Swaroop Chand Sethi who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass, with or without modifications, the following as Ordinary Resolution:

“RESOLVED that Messrs Lodha & Co., Chartered Accountants, the retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of the 17<sup>th</sup> Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of ₹ 1,50,000/- (Rupees One Lac Fifty Thousand only) in addition to reimbursement of traveling and other out-of-pocket expenses actually incurred by them in connection with the audit.”

Regd. Office :  
7, Council House Street,  
Kolkata - 700 001

By Order of the Board

Vikas Pandey  
Dy. Company Secretary

Date : 29<sup>th</sup> November 2010

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 21<sup>st</sup> February to 24<sup>th</sup> February, 2011 (both days inclusive).

### 3. RE-APPOINTMENT OF DIRECTORS:

Brief resumes of the Directors proposed to be re-appointed (Item Nos. 2 and 3 of the Notice) are given hereunder:

I. Shri Vikrampati Singhania, aged 45 years, is M.Com., MBA (USA) and is an industrialist. His Director Identification Number is 00040659. He was appointed as a Director of the Company on 4th September 2003. He is also Managing Director of Fenner (India) Limited, Deputy Managing Director of JK Tyre & Industries Limited (JK Tyre) and a Director of JK Sugar Limited (JK Sugar) (Directorships held are as per Sections 275 and 278 of the Companies Act, 1956). Also, Shri Singhania is Chairman of Shareholders / Investors Grievance Committee of JK Sugar and a member of Shareholders / Investors Grievance Committee of JK Tyre. Shri Singhania is son of Shri Bharat Hari Singhania, Chairman of the Company.

II. Shri Swaroop Chand Sethi, aged 73 years, is M.Com, LL.B. He also holds a post graduate diploma in Business Administration and a diploma in Company Secretaryship from Department of Company Affairs, Central Government. His Director Identification Number is 00328990. He was appointed as a Director of the Company on 4<sup>th</sup> September 2003. He is Whole-time Director of JK Tyre & Industries Limited (JK Tyre). Shri Sethi is also a Director of Bhopal Udyog Limited, JKI Employees' Welfare Association Limited, Nav Bharat Vanijya Limited and JK Plant Bio Sciences Research Limited (Directorships held are as per Sections 275 and 278 of the Companies Act, 1956). Shri Sethi is a member of Audit Committee of JK Tyre. Also, Shri Sethi is a member of Shareholders / Investors Grievance Committees of Nav Bharat Vanijya Limited and Bhopal Udyog Limited. Shri Sethi is not related to any Director of the Company.

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7, Council House Street,  
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By Order of the Board

Vikas Pandey  
Dy. Company Secretary

Date : 29<sup>th</sup> November 2010



# JK AGRI GENETICS LTD.

Regd. Office : 7 Council House Street, Kolkata-700 001

## ADMISSION SLIP

Folio No. or DP Id# / Client-Id #	
No. of Shares held	

I hereby record my presence at the 17<sup>th</sup> Annual General Meeting of the Company being held at **Shripati Singhanian Hall, Rotary Sadan, 94/2 Jawahar Lal Nehru Road (Chowringhee Road), Kolkata-700 020 on Thursday, the 24<sup>th</sup> February 2011 at 11.30 A.M.**

Name of the Member <i>(in block letters)</i>	
Name of the Proxy-holder/ Authorised Representative* <i>(in block letters)</i>	

\* Strike out whichever is not applicable.

# Applicable for investors holding shares in dematerialised form.

Signature of the Member / Proxy / Authorised Representative\*

- Notes:**
1. A member / proxy / authorised representative wishing to attend the meeting must complete this Admission Slip before coming to Meeting and hand it over at the entrance.
  2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form given below at the Company's Registered Office at least 48 hours before the Meeting.



# JK AGRI GENETICS LTD.

Regd. Office : 7 Council House Street, Kolkata-700 001

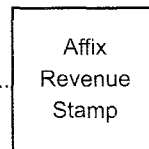
## PROXY FORM

Folio No. or DP Id# / Client-Id #	
No. of Shares held	

I/We.....of.....being a member / members of JK Agri Genetics Limited hereby appoint Shri / Smt. / Km.....of.....or failing him/ her Shri / Smt. / Km.....of.....or failing him/ her Shri / Smt. / Km.....of.....as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 17<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, the 24<sup>th</sup> February 2011 at 11.30 A.M. and at any adjournment thereof.

Signed this.....day of.....2011

Signature (s).....



# Applicable for investors holding shares in dematerialised form.

**Note:** The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.



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**JK AGRI GENETICS LTD.**  
Annual Report 2009 - 10

# Remembering A Visionary

The Company is celebrating the birth centenary of its Founder, Lala LakshmiPat Singhania, one of the key architects of JK Organization. As a true visionary, he laid the foundation for taking the Organization to new heights in the journey of building a self reliant India. He was a dynamic leader who championed the cause of domestic industry with Indian ownership and management.

The JK Organization became one of the top four private sector Groups in the country during his lifetime. He pioneered the manufacturing of many products, for the first time in India. Through a plant set up in West Bengal in 1944, he started the production of aluminium metal in India from Indian Bauxite for the first time. This metal was further converted into complete range of aluminium products including aluminium foils. The company, Aluminium Corporation of India Limited, was one of the few integrated Aluminium plants in the world.

Lala LakshmiPat Singhania set up many successful companies in different parts of the country, which provided thousands of job opportunities, particularly in the backward areas of rural India. These include, Straw Products Ltd in Bhopal in 1938 which commenced production of straw boards and later on paper boards. Production of high quality writing and printing paper was started in 1962 in Orissa and the company is now operating under the name of JK Paper Limited, known for its high value added products. He was also instrumental in setting up various other plants for the manufacture of Automobile Tyres (JK Tyre & Industries Ltd.) and Cement (JK Lakshmi Cement Ltd.), amongst many other initiatives of the group.

He was the Chairman of National Insurance Company for several years. The Company covered both life and general insurance activities. He made it grow as the 3rd largest insurance company of the country with largest overseas network. Unfortunately Insurance – Life and General as well as Aluminium were nationalized in India as a matter of the then policy of the government.

He was the guiding spirit for the JK Group to set up several medical and educational institutions across the country including scores of primary schools in the rural areas.

Lala LakshmiPat Singhania embodied the rare qualities that transcend time through their single-minded purpose, simplicity, vision and the constant working of an enquiring mind that rejects the status quo. Apart from being a philanthropist entrepreneur he believed in upliftment of the society at large. He has left behind a value system based on Trust, Nationalism and Care which serves as a beacon for the Group Companies to charter their course into future. The core values are:

- Caring for people
- Integrity including intellectual honesty, openness, fairness and trust
- Commitment to Excellence

# *Centenary Year*



**LALA LAKSHMIPAT SINGHANIA**  
**1910 - 1976**

**KEY ARCHITECT OF JK ORGANISATION**

"We seek a society which is proud of its past,  
conscious of the present and full of hope for the future."

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## **BOARD OF DIRECTORS**

**Bharat Hari Singhania**  
Chairman

**J. R. C. Bhandari**

**Sanjeev Kumar Jhunjunwala**

**Sanjay Kumar Khaitan**

**Raghupati Singhania**

**Vikrampati Singhania**

**Swaroop Chand Sethi**

### **President & Manager**

P.S.Dravid

### **Processing Plant**

Survey No.-509/2

Village: Gundlapochampally

Distt. Ranga Reddy - 501 401

Andhra Pradesh

### **Auditors**

Lodha & Co.

Chartered Accountants

### **Administrative Office**

1-10-177, 4<sup>th</sup> Floor,

Varun Towers, Begumpet,

Hyderabad - 500 016

Andhra Pradesh

### **Bankers**

AXIS Bank Ltd.

### **Registered Office**

7, Council House Street,

Kolkata – 700 001

West Bengal

### **Dy. Company Secretary**

Vikas Pandey



# DIRECTORS' REPORT

## TO THE MEMBERS

Your Directors have pleasure in presenting the Annual Report together with the Audited Accounts of the Company for the financial year ended 30<sup>th</sup> September, 2010.

The Company is observing this year as the **Birth Centenary year** to pay humble respects to Late Lala Lakshmipat Singhania (1910-1976), who had been a great visionary and a key Architect of JK Organisation. He believed in the philosophy of inclusive growth encompassing all sections of this Society.

## OPERATIONS

During the year under review, the Company achieved a turnover of ₹ 123.77 Crores with Operating Profit of ₹ 15.71 Crores and the Profit before Tax of ₹ 10.99 Crores.

The year has ended on a positive note with significant improvement in the financial performance of the Company. The sales turnover increased by 20% over the same period of the previous year. The sale of Cotton, Maize, Vegetables & Rice increased while the area under cultivation of Jowar shrunk. The profitability improved due to increased sales, as well as overall better operational efficiencies.

The Company has launched several new hybrid vegetables which have been well received by the market. During the year the company also launched number of new Bt. Cotton hybrids which have started finding good acceptance in the market. Even though some of these products have been introduced this year these are likely to be major growth drivers of sales and profitability over the next few years.

## RESEARCH AND DEVELOPMENT

The Company has intensified its research efforts in developing differentiated superior products for the major segments in mandate crops. Accordingly, promising products are fast tracked so as to select the best products whilst ascertaining the performance and stability at several locations under varying agro climatic conditions. Simultaneously, production is taken up so as to scale up the volumes rapidly. Various biotech tools are being applied for introgressing the biotech traits within shortest span of time to bring down the product development cycle time. The company has widened its collaborative network with national and international Institutions as well as global agri-biotech companies to source out the latest technologies/ traits.

The company has already started reaping the benefits of this strategy. Several Bt. cotton hybrids with stacked gene technology were launched during the year. In addition, several superior virus tolerant hybrids in Tomato and Bhendi were launched. Similar focused efforts are going on in the other crops which will start showing the results in the next year or two, to take your company to play significant role in the market .

## RESTRUCTURING

As reported earlier, a Scheme of Arrangement and Demerger (Scheme) between JK Agri Genetics Ltd. and Florence Alumina Ltd. has been filed in the Hon'ble High Court at Calcutta for sanction thereof pursuant to Sections 391-394 of the Companies Act, 1956. The Scheme envisages transfer of Seed undertaking of the Company to Florence Alumina Ltd. with effect from the Appointed Date i.e., 1<sup>st</sup> April 2005. The Scheme was approved by the requisite majority of the equity shareholders of the said two Companies at their respective meetings held on 13<sup>th</sup> September 2006 at Kolkata under the directions of the said Court. The said Hon'ble Court pronounced its judgement on 20<sup>th</sup> May 2010 and did not sanction the Scheme. However, in view of the fact that the Scheme was approved by the Stock Exchanges, by the shareholders and the bondholders, an Appeal was filed in the Division Bench of the said Hon'ble High Court on 9<sup>th</sup> June 2010. The appeal was admitted and has been heard and is pending for final disposal. The impact of the Scheme accordingly will be given in the accounts only after the Scheme is sanctioned and becomes effective pursuant to Sections 391-394 of the Companies Act, 1956.

## DIRECTORS

Shri Vikrampati Singhania and Shri Swaroop Chand Sethi retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

## SUBSIDIARY COMPANY

The particulars required under the provisions of the Companies Act, 1956 in respect of the subsidiary Company are appended.

## AUDITORS

M/s Lodha & Co., Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment. The observations of the Auditors in their report on Accounts read with the relevant notes are self-explanatory.

## PARTICULARS OF EMPLOYEES

Particulars of employees required under Section 217 (2A) of the Companies Act, 1956 are given in the enclosed statement forming part of the Report. However, as per the provisions of Section 219 (1) (b) (IV) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Company's New Delhi address.

## CORPORATE GOVERNANCE

Your Company reaffirms its commitment to good corporate governance practices. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state that:

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

## ACKNOWLEDGEMENTS

Your Directors wish to acknowledge and place on record the commitment and dedication on the part

of the employees of your Company in achieving good results.

The Directors would like to acknowledge and record their appreciation of the continued support and assistance received by the Company from its valued Customers, Dealers, Suppliers, Shareholders, Banks and various Central and State Government Agencies.

On behalf of the Board

Date : 29<sup>th</sup> November 2010 **Bharat Hari Singhania**  
New Delhi **Chairman**

## ANNEXURE TO THE DIRECTORS' REPORT

### A. ENERGY CONSERVATION

Your Company is not covered under the schedule of Industries required to furnish information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors), Rules 1988.

### B. RESEARCH & DEVELOPMENT EXPENSES

The Capital Expenditure incurred on R & D during the period was ₹10.63 lacs and recurring expenditure was ₹1116.35 lacs.

### C. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

The good performance and acceptance of Company's Rice hybrids with salinity and drought tolerance was a noteworthy achievement of this year. Using Biotech tools for screening and conducting quality assessment of seeds has increased the Company's accuracy and speed. Many high performing hybrids of the Company are ready for commercialization.

### D. EXPORT, FOREIGN EXCHANGE EARNINGS AND OUTGO

Description	₹ in Lacs)	
	2009-10 12 Months	2008-09 18 Months
Foreign Exchange Earnings		
Export Sales - FOB value	129.11	116.62
Others	94.09	61.09
Foreign Exchange Outgo	631.91	127.59

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

With a timely and favourable onset of monsoon during June/July, 2010, almost across the country (excepting for eastern zone), the agriculture sector is poised to exhibit better growth compared to the last year which was affected due to severe drought across many States. The Land under cultivation during Kharif 2010 has also seen an increase of about 5%. The major increase has taken place in Rice, Cotton, Bajra, Sugarcane & Pulses whereas there is a decline in coverage of Maize, Jowar & Sunflower. However, prolonged and excessive rains in North and part of West /Central/South would result in some damage to standing Kharif crops. The prospect for Rabi crops are bright due to improved availability of surface and ground water.

Favourable weather coupled with increase in global commodity prices of Cotton, Wheat, Corn etc. is likely to increase the income levels of the farmer community.

The Indian seed industry has witnessed a healthy growth of 10% with the Industry turnover crossing ₹ 6,000 crores. A major growth has taken place in Bt. Cotton on account of increased area under cultivation, use of second generation technology and increased per acre seed rates adopted by farmers. The consumption of Bajra, Varietal rice and Vegetable crop seeds has also gone up.

The spectacular adoption of Bt. Cotton technology by the Indian farmers and doubling of cotton production over the last 8 years has clearly indicated farmers' keenness in going in for new technologies and innovative products. The farmers are keenly awaiting the launch of new technologies for combating biotic & abiotic stresses in the other crops including the food crops. Even though moratorium on introduction of Bt. Brinjal has been imposed, it is expected that the Government will be in a position to resolve the concerns raised by some sections, expeditiously, so that GM food crops are introduced in the near future.

## JK SEEDS

The company has focused its efforts in incorporating the important value added traits in its products either by transgenic approach or through conventional breeding. The efforts have culminated into launch of several cotton hybrids with Bollgard II technology and launch of hybrid tomato having high tolerance to

Tomato Leaf Curl Virus (TLCV) and Bhendi having high level of tolerance to Yellow Vain Mosaic Virus (YVMV). All these new products have been well received by the farmers.

There has been sizeable growth in sale of hybrid maize as the recently launched products have been performing well on farmers' field in both Kharif as well as Rabi seasons. The Company has launched open pollinated varieties in Paddy since the markets are expanding on account of increase in seed replacement rates.

Keeping in view the expanding volumes, the Company has established a state of art processing plant at Gundlapochampally Village near Hyderabad. This latest plant has also helped in improved operational efficiency, leading to positive impact on the bottom-line, apart from improved quality and packaging.

With the launch of several new products during the year and many more in the research pipeline, the Company now looks forward to rapid growth in the years to come.

## RESEARCH & DEVELOPMENT

Innovative & differentiated superior products are the key drivers of growth of seed business. In a highly competitive research driven seed industry, it is necessary to continually invest in improvement of the existing products and develop new products keeping in view the constantly changing needs of customers and stakeholders in supply chain. Discoveries of new biotech traits and long gestation period in product/trait discovery further adds to the complexities.

The Company has addressed these challenges by focusing research efforts on select crops and major segments in each of the mandate crops. It has also established collaborative linkages with several national as well as international institutes, and also with some major agri biotech global players. The Company has taken advantage of various Public Private Partnership programs initiated by the Government for the development of agri sector. The Company has created good infrastructure for breeding, development of new lines, product evaluation, biotech trait integration & screening to ensure that well tested and proven products are launched. This would enable the company to quickly respond to the changing market needs while bringing innovative products to the market.

## OPPORTUNITIES, THREATS AND CONCERNS

Indian agriculture presents plenty of opportunities as there is major challenge of improving crop productivity by using good quality hybrid seeds coupled with GM technologies. The major factors hampering productivity are susceptibility of crops to drought, salinity, flooding, extreme temperatures, diseases & pests, nutrient uptake efficiency, weeds etc. All these factors can be addressed by use of biotech tools either through GM crops or molecular breeding. Besides conventional breeding can create new plant types that are high yielding. Thus, there is opportunity to accelerate growth in farm sector which has remained stagnant for the last two decades. Besides, there are plenty of opportunities in the growing markets in Asia & African countries having similar agro-climates like India.

The current embargo on Genetically Modified food crops is a matter of concern as this might hamper the future development of the sector as well as increase the pressure of foodgrains on the already shrinking farm acreage in India. The Government should appropriately put testing and safety procedures in place and allow development of new technologies in this sector. The Government should also encourage indigenous technology development rather than being dependent only on the global technology, which will auger well for the development of this sector, as well as be beneficial to the farmers.

However, several other factors like floods, drought and macro economic factors like demand and supply for end products will have an impact on this industry. The low entry barriers, intense competition from local as well as global players, is another major challenge. The business also depends on various laws, regulations and policies announced from time to time.

## HUMAN RESOURCE DEVELOPMENT

The Company has taken up several HR initiatives this year, to improve the business performance. During the recruitment process, potential assessment of the selected candidates was taken up to have the right employee for the vacant position. Similar program was also taken up in respect of high performing employees and on the basis of assessment, individual development plans were prepared and are being implemented.

We have also created cross functional teams on strategic themes to achieve goals and deliver maximum business value to stakeholders. Several

learning and development initiatives were taken up in identified areas to improve on the job performance of the employees.

## FINANCIAL PERFORMANCE AND INTERNAL CONTROL SYSTEMS

(₹ in Lacs)

PARTICULARS	2009-10 (12 months)	2008-09 (18 months)
1. Turnover	12,377.35	15,127.30
2. Operating Profit/(Loss) (PBIDT)	1,571.41	(71.73)
3. Interest	208.31	337.58
4. Profit/(Loss) Before Tax	1,098.79	(735.04)
5. Provision for Tax	34.91	(611.86)
6. Profit/(Loss) after Tax	1,063.88	(123.18)

The Company has a formal and structured Internal Audit system. All the functions of the Company are reviewed periodically. The system ensures that the Company achieves its targets and complies with the applicable laws and regulations and checks its efficiency of operations and reliability of financial reporting.

Findings and observation of Internal Audit is placed before the Audit Committee consisting of Independent Directors before submission to the Board for approval. Audit Committee meets every quarter to review the Audit Report and action taken on the findings of Internal Audit Report discussed in the previous meeting.

## CAUTIONARY STATEMENT

“Management’s Discussion and Analysis Report” contains forward looking statements, which may be identified by the use of the words in that direction, or connoting the same. All statements that address expectation or projections about the future, including, but not limited to statements about the Company’s strategy for growth, product development, market position, expenditures and financial results are forward looking statements. The Company’s actual results, performance or achievements could thus differ materially from those projected in such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward - looking statements on the basis of any subsequent development, information or events.



# CORPORATE GOVERNANCE REPORT

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:

- Commitment to excellence and customer satisfaction
- Maximising long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and commitment to high standard of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practised by its entire management cadre.

## 2. BOARD OF DIRECTORS:

The Board of Directors presently consists of seven Directors, all being Non-Executive Directors (NED), out of which four are Independent Directors (IND). The Chairman is Non-Executive. Attendance and other details are as given hereunder:

Director	Category	Number of Board Meetings Attended	No. of other Directorships and Committee Memberships/ Chairmanships		
			Other Directorships§	Committee Memberships*	Committee Chairmanships*
Shri Bharat Hari Singhania, Chairman	NED	3	4	1	-
Dr. Raghupati Singhania	NED	2	7	2	1
Shri Vikrampati Singhania	NED	4	3	1	1
Shri S. C. Sethi	IND	3	5	6	-
Shri Sanjay Kumar Khaitan	IND	2	-	-	-
Shri J.R.C. Bhandari	IND	4	3	2	2
Shri Sanjeev Kumar Jhunjunwala	IND	2	1	-	-

The last Annual General Meeting held on 28<sup>th</sup> January, 2010 was attended by Shri Vikrampati Singhania, Shri S.C. Sethi and Shri J.R.C. Bhandari.

§ As per Section 275 read with Section 278 of the Companies Act, 1956.

\* Only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors Grievance Committee

Shri Bharat Hari Singhania is brother of Dr. Raghupati Singhania and father of Shri Vikrampati Singhania.

**NUMBER AND DATES OF BOARD MEETINGS HELD:-** Four Board Meetings were held during the financial year ended 30<sup>th</sup> September 2010 i.e., on 28<sup>th</sup> November 2009, 28<sup>th</sup> January 2010, 27<sup>th</sup> April 2010 and 4<sup>th</sup> August 2010.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

Pursuant to the provisions of Clause 49 of the Listing Agreement, the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company and the same is available on the website of the Company ([www.jkseeds.net](http://www.jkseeds.net)). All the Board Members and Senior Management Personnel have affirmed compliance with the Code. This Report contains a declaration to this effect signed by the President & Manager.

## 3. AUDIT COMMITTEE :

The Company has an Audit Committee of Directors which consists of four Directors – all of them are Non-Executive Independent Directors, namely Shri J.R.C. Bhandari (Chairman of the Committee), Shri Sanjay Kumar Khaitan, Shri Sanjeev Kumar Jhunjunwala and Shri S.C. Sethi.

The 'Terms of Reference' and the constitution of the committee are in conformity with the provisions of Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement with the Stock Exchanges.

Four meetings of the Audit Committee were held during the financial year ended 30<sup>th</sup> September 2010.

Dates of the meetings and the number of the Members attended are :

Date of the Meeting	Number of Members attended
28 <sup>th</sup> November 2009	2
28 <sup>th</sup> January 2010	2
27 <sup>th</sup> April 2010	3
4 <sup>th</sup> August 2010	4

The names of the Members of the Committee and their attendance at the Meetings are as follows :

Name	Status	No.of Meetings attended
Shri J.R.C. Bhandari	Chairman	4
Shri Sanjay Kumar Khaitan	Member	2
Shri Sanjeev Kumar Jhunjhunwala	Member	2
Shri S.C. Sethi	Member	3

The Chief Financial Officer regularly attends the Committee Meetings and the Company Secretary / Dy. Company Secretary acts as the Secretary of the Committee. All the Committee Meetings were attended by the Statutory Auditor.

#### 4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE :

The Company has Shareholders/Investors Grievance Committee at the Board level which consists of three Directors, namely Shri S.C. Sethi (Chairman of the Committee), Shri Sanjay Kumar Khaitan, both being Non-Executive Independent Directors and Shri Vikrampati Singhania, Non-Executive Director. The composition of the Committee is in conformity with Clause 49(V)(G)(iii) of the Listing Agreement.

Four meetings of the Shareholders/ Investors Grievance Committee were held during the financial year ended 30<sup>th</sup> September 2010.

Dates of the meetings and the number of the Members attended are :

Date of the Meeting	Number of Members attended
28 <sup>th</sup> November 2009	2
28 <sup>th</sup> January 2010	2
27 <sup>th</sup> April 2010	2
4 <sup>th</sup> August 2010	3

The names of the Members of the Committee and their attendance at the Meetings are as follows :

Name	Status	No.of Meetings attended
Shri S.C. Sethi	Chairman	3
Shri Sanjay Kumar Khaitan	Member	2
Shri Vikrampati Singhania	Member	4

Shri Vikas Pandey, Dy. Company Secretary is the Compliance Officer.

During the financial year 2009-10, no complaint was received from members. Also, no complaint pertaining to the previous financial year 2008-09 was pending at the end of the said previous financial year. As on date, there are no complaints pending.

The Board has delegated the power of share transfer to a Committee of Directors and the share transfer formalities are attended as required. All valid requests for transfer of shares in physical form were processed in time and there were no pending transfers of shares. During the financial year 2009-10, 22 Meetings of this Committee were held.

#### 5. REMUNERATION PAID TO DIRECTORS AND MANAGER:

(i) **Manager:** The aggregate value of salary, perquisites and contribution to Provident Fund and Superannuation Funds for the financial year ended 30<sup>th</sup> September 2010 to Shri P.S. Dravid, Manager is ₹ 58.58 lacs. No Commission was paid during the year.

(ii) **Non-Executive/Independent Directors:** The Company has paid sitting fees aggregating to ₹ 1.96 lacs to all the Non-Executive Directors for attending the meetings of the Board / Committees thereof.

No other payments were made to Non-Executive Directors and such Directors did not have any other pecuniary relationship or transactions vis-à-vis the Company during the year except as stated above.

The number of Equity Shares held by the Non-Executive Directors as on 30<sup>th</sup> September 2010 are : Shri Bharat Hari Singhania - 18,788 Equity Shares; Dr. Raghupati Singhania -6,240 Equity Shares; Shri Vikrampati Singhania – 6,866 Equity Shares; Shri S.C.Sethi- 30 Equity Shares, Shri J.R.C. Bhandari- Nil Equity Share, Shri Sanjay Kumar Khaitan –Nil Equity Share and Shri Sanjeev Kumar Jhunjhunwala – Nil Equity Share.

The Company does not have any outstanding convertible instruments.

## 6. GENERAL BODY MEETINGS :

Location and time for the last three Annual General Meetings (AGMs) :

Year	Location	Date	Time
2006-2007	Shripati Singhanian Hall, Rotary Sadan, 94/2, Jawaharlal Nehru Road (Chowringhee Road), Kolkata -700 020	28.12.2007	11.30 A.M.
2007-2008	Same as above	17.12.2008	11.30 A.M.
2008-2009	Same as above	28.01.2010	11.30 A.M.

A Special Resolution was passed at the last AGM (2010). No Special Resolutions were passed in the AGMs held in the year 2007 and 2008. No Special Resolutions were required to be put through postal ballot during the year.

## 7. DISCLOSURES :

- (a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large : None. Suitable disclosure as required by Accounting Standard (AS-18) – Related Party Transactions has been made in the Annual Report.
- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- There was no case of non-compliance on any matter related to capital markets during the last three years.
- (c) The Company has strengthened its risk management system and procedures to inform Board Members about risk assessment and its minimization. These procedures are being periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

## 8. MEANS OF COMMUNICATION:

Quarterly, half-yearly and annual results are published in leading English Newspapers and also in Bengali language Newspaper (published from Kolkata). The

said results are promptly furnished to the Stock Exchanges for display on their respective websites and are also displayed on the Company's website "www.jkseeds.net"

Management Discussion & Analysis forms part of the Annual Report.

## 9. GENERAL SHAREHOLDERS' INFORMATION :

Registered Office : 7, Council House Street, Kolkata – 700 001  
Ph.: 033-22486181

Annual General Meeting (AGM)

(a) Date, Time & Venue : Thursday, the 24<sup>th</sup> February 2011 at 11.30 A.M. at Shripati Singhanian Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata - 700 020.

(b) As required under clause 49(IV)(G)(i), a brief resume and other particulars of Directors retiring by rotation and seeking re-appointment at the aforesaid AGM are given in the Notes to the Notice convening the said Meeting.

## Financial Calendar (tentative) :

Financial Reporting for the quarter ending :

1 <sup>st</sup> Quarter ending 31 <sup>st</sup> December 2010	Within 45 days of the end of the Quarter
2 <sup>nd</sup> Quarter ending 31 <sup>st</sup> March 2011	Within 45 days of the end of the Quarter
3 <sup>rd</sup> Quarter ending 30 <sup>th</sup> June 2011	Within 45 days of the end of the Quarter
4 <sup>th</sup> Quarter ending 30 <sup>th</sup> September 2011	Within 60 days of the end of the Quarter
Annual General Meeting for the financial year 2010-11	Between February and March, 2012
Date of Book Closure	21 <sup>st</sup> February to 24 <sup>th</sup> February, 2011 (both days inclusive)

Listing on Stock Exchanges

The Equity Shares of the Company are listed on Bombay Stock Exchange Ltd., Mumbai (BSE) and the Calcutta Stock Exchange Ltd., Kolkata (CSE). The annual listing fee for the year 2010-11 has been paid to both the Stock Exchanges.

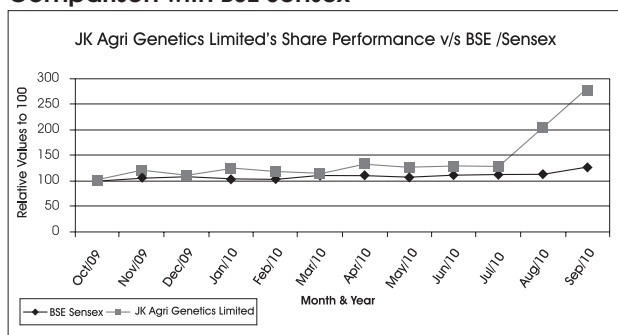
Security Code for Company's Equity Shares on Stock Exchanges and ISIN No.

BSE - 532518  
CSE - 10020255  
The ISIN number of the Equity Shares is INE211G01012.

### Stock Market Price Data

Bombay Stock Exchange Ltd.(BSE)		
Month	High (₹)	Low (₹)
October 2009	164.00	137.10
November 2009	180.00	130.80
December, 2009	177.00	153.25
January 2010	224.45	137.00
February 2010	189.80	144.65
March 2010	192.00	155.10
April 2010	209.90	162.00
May 2010	198.90	171.05
June 2010	204.80	170.00
July 2010	199.00	170.00
August 2010	343.90	181.50
September 2010	444.00	290.35

### Comparison with BSE Sensex



### Distribution of Shareholding (as on 30.09.2010)

No. of Equity Shares Held	No. of Shares		Shareholders	
	Number	% of Total	Number	% of Total
1 - 250	230726	6.58	10734	95.75
251 - 500	75651	2.16	192	1.71
501 - 1000	93126	2.66	120	1.07
1001 - 5000	253632	7.23	115	1.02
5001 - 10000	133917	3.82	20	0.18
10001 & above	2719458	77.55	30	0.27
Total	3506510	100.00	11211	100.00

### Share Transfer System

The transfer/transmission of shares in physical form is normally processed and completed within a period of 15 to 20 days from the date of receipt thereof. In case of shares held in electronic form, the transfers are processed by National Securities Depository Ltd. (NSDL)/Central Depository Services (India) Ltd. (CDSL) through the respective Depository Participants.

### Dematerialisation of Shares and liquidity

Trading in the Equity Shares of the Company is permitted on Stock Exchanges only in dematerialised form. Shareholders may dematerialise their holdings

in physical form with any one of the Depositories namely, NSDL and CDSL. As on 30<sup>th</sup> September 2010, 95.85% of the Equity Shares were held in dematerialised form. The Equity Shares of the Company are actively traded on the Bombay Stock Exchange Ltd. In respect of shares held in dematerialised form, all the requests for nomination, change of address, change of bank mandate/bank particulars and rematerialisation of shares etc. are to be made only to the Depository Participant with whom the shareholders have opened their Demat Account.

Outstanding GDRs/ADRs/Warrants/Options : NIL  
or any Convertible instruments, conversion date and likely impact on equity

### Plant Locations

The Company has production centres for high-yielding hybrid seeds at various places in Andhra Pradesh and other States. Besides, the Company has state-of-the-art Biotechnology R&D Centre and Seeds Processing Plant at Hyderabad/Near Hyderabad in the State of Andhra Pradesh.

### Address for Correspondence for Share Transfer and Related Matters

- Shri Vikas Pandey  
Dy. Company Secretary  
JK Agri Genetics Limited  
Secretarial Department  
3<sup>rd</sup> Floor, Gulab Bhawan (Rear Block)  
6A, Bahadur Shah Zafar Marg,  
New Delhi-110 002  
Phone : 91-11-30179891  
Email : jkagshareholder@jkm.com  
Website : www.jkseeds.net
- Registrar & Share Transfer Agent :-  
Alankit Assignments Ltd.  
Alankit House  
2E/21, Jhandewalan Extension,  
New Delhi-110055 (India)  
Phone : 91-11-23541234, 42541234  
Fax : 91-11-42541967  
Email : rta@alankit.com  
Website : www.alankit.com

### 10. DECLARATION :

It is hereby declared that all the members of the Board and the Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of JK Agri Genetics Ltd." during the Financial Year ended 30<sup>th</sup> September 2010.

(PS Dravid)  
President & Manager



## **11. AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE:**

To  
The Members of JK Agri Genetics Limited

We have examined the compliance of conditions of Corporate Governance by JK Agri Genetics Limited for the financial year ended 30<sup>th</sup> September 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

For LODHA & CO.  
Chartered Accountants  
Firm Regn. No. 301051E

N. K. LODHA  
Partner

Place: New Delhi                      Membership No. - 85155  
Date: 29<sup>th</sup> November, 2010

## **Disclosure of names of persons constituting group in relation to JK Agri Genetics Limited pursuant to Regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997.**

JK Lakshmi Cement Ltd., JK Tyre & Industries Ltd., JK Paper Ltd., Fenner (India) Ltd., BMF Investments Ltd., Southern Spinners and Processors Ltd., Modern Cotton Yarn Spinners Ltd., Florence Alumina Ltd., JK Plant Bio Sciences Research Ltd., Natext Bio Sciences Pvt. Ltd., JK Sugar Ltd., Bengal & Assam Company Ltd., Nav Bharat Vanijya Ltd., Juggilal Kamalapat Udyog Ltd., Pranav Investment (M.P.) Company Ltd., Param Shubham Vanijya Ltd., J.K. Credit & Finance Ltd., Accurate Finman Services Ltd., Bhopal Udyog Ltd., Sago Trading Ltd., Rouncy Trading Pvt. Ltd., J.K. Risk Managers and Insurance Brokers Ltd., J.K. Enviro-Tech Ltd., Panchmahal Properties Ltd., Acorn Engineering Ltd., Elate Builders Pvt. Ltd., LVP Foods Pvt. Ltd., ClinIRx Research Pvt. Ltd., Saptrishi Consultancy Services Ltd., Dwarakesh Energy Ltd., Hansdeep Industries and Trading Company Ltd., Songadh Infrastructure & Housing Ltd., Jaykaypur Infrastructure & Housing Ltd., Umang Dairies Ltd., M/S Habras International, M/S Juggilal Kamalapat Lakshmipat and Directors of the promoter group and their relatives.

# AUDITORS' REPORT

## TO THE MEMBERS

We have audited the attached Balance Sheet of JK AGRI GENETICS LIMITED, as at 30<sup>th</sup> September, 2010 the Profit & Loss Account and also the Cash Flow Statement 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.

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 the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (The order) issued by the Central Government of India in terms of section 227 (4A) of The Companies Act, 1956 (The Act), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 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 purpose 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, Profit & Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;
- (e) As per the information & explanations given to us, none of the directors of the Company is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 30<sup>th</sup> September, 2010;
- (ii) In the case of Profit & Loss Account, of the profit for the year ended on that date; and
- (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For LODHA & CO.  
Chartered Accountants  
Firm Regn. No. 301051E

N. K. LODHA  
Partner  
Place: New Delhi  
Dated: 29<sup>th</sup> November 2010      Membership No. 85155

## ANNEXURE TO THE AUDITORS' REPORT

**(Referred to in paragraph (1) of our Report of even date of JK AGRI GENETICS LIMITED for the year ended 30th September, 2010)**

1. (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 according to the programme of periodical physical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.  
(c) As per the records and information and explanations given to us, fixed assets disposed off during the period were not substantial.
2. (a) The inventories of the Company have been physically verified by the management at reasonable intervals. In respect of stock lying with third parties, they have substantially confirmed these.  
(b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loan secured or unsecured to and from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (b) to (d), (f) & (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Based on the audit procedure performed and on the basis of information and explanations provided by the management, during the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanations provided by the management and based upon audit procedures performed, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and the transactions made in pursuance of such contracts or arrangements (exceeding the value of ₹ 5 lacs in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanations given by the management, the Company has not accepted any deposits from the public covered under Section 58A and 58AA of the Act during the current year.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. According to the information and explanations given by the management, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products.
9. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Income Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities to the extent applicable and there were no material undisputed statutory dues payable for a period of more than six months from the date they became payable as at 30<sup>th</sup> September, 2010.

(b) According to the records and information & explanations given to us, there are no dues in respect of Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and Cess that have not been deposited with the appropriate authorities

to the extent applicable on account of any dispute and the dues in respect of Income tax that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending are given below:-

Name of the statute	Nature of the dues	Period	Amount (₹ in Lacs)	Forum where dispute is pending
Income tax Act, 1961	Income tax	2003-2004	4.77	Commissioner (Appeal)
	Income tax	2006-2007	11.72	Commissioner (Appeal)

10. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and has incurred cash losses in the immediately preceding financial year.
11. In our opinion, on the basis of audit procedure and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders. (Read with note no.1 of Schedule 3).
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society and therefore, the provisions of clause 4 (xiii) of the said Order are not applicable to the company.
14. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments; therefore the provisions of clause 4(xiv) of the said Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions.

16. On the basis of information and explanations given to us, term loan were applied for the purpose for which the loans were obtained.
17. On the basis of information and explanations given to us and on overall examination of financial statements of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debenture during the current year; however the Company has outstanding Zero Coupon Non convertible Bonds of ₹ 4,250 lacs. Refer Note No.1 of schedule 3.
20. The Company has not raised any money through a public issue during the current year.
21. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

For LODHA & CO.  
Chartered Accountants  
Firm Regn. No. 301051E

N. K. LODHA  
Partner

Place: New Delhi

Date: 29<sup>th</sup> November 2010 Membership No.: - 85155

## BALANCE SHEET (As at 30th September, 2010)

	Schedule	30.09.2010	30.09.2009
<b>₹ in Lacs</b>			
<b>SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	<b>4,600.65</b>	4,600.65
RESERVES AND SURPLUS	2	<b>5,259.64</b>	4,195.76
		<b>9,860.29</b>	8,796.41
SECURED LOANS	3	<b>7,072.47</b>	6,412.28
UNSECURED LOANS	4	<b>549.90</b>	549.90
		<b>17,482.66</b>	15,758.59
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS			
GROSS BLOCK	5	<b>5,670.43</b>	4,413.52
LESS: DEPRECIATION/AMORTISATION		<b>1,570.51</b>	1,330.33
NET BLOCK		<b>4,099.92</b>	3,083.19
CAPITAL WORK IN PROGRESS		<b>29.55</b>	25.32
		<b>4,129.47</b>	3,108.51
INVESTMENTS	6	<b>7,893.83</b>	8,325.65
DEFERRED TAX ASSET (NET)		<b>358.10</b>	399.70
CURRENT ASSETS, LOANS AND ADVANCES	7		
INVENTORIES		<b>3,606.60</b>	2,894.67
SUNDRY DEBTORS		<b>4,342.67</b>	2,569.76
CASH AND BANK BALANCES		<b>118.79</b>	2.07
LOANS AND ADVANCES		<b>2,025.25</b>	1,542.50
		<b>10,093.31</b>	7,009.00
LESS: CURRENT LIABILITIES AND PROVISIONS	8		
CURRENT LIABILITIES		<b>3,997.01</b>	2,267.13
PROVISIONS		<b>995.04</b>	817.14
		<b>4,992.05</b>	3,084.27
NET CURRENT ASSETS		<b>5,101.26</b>	3,924.73
		<b>17,482.66</b>	15,758.59

### ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 15

Schedules 1 to 8 and 15 attached to the Balance Sheet form an integral part thereof.

As per our report of even date  
for LODHA & CO.,

*Chartered Accountants*  
Firm Regn. No. 301051E

N.K. LODHA  
Partner

Membership No. 85155  
New Delhi, the 29<sup>th</sup> November, 2010

P.S. DRAVID  
*Manager*

VIKAS PANDEY  
*Dy. Company Secretary*

BHARAT HARI SINGHANIA  
J.R.C. BHANDARI  
SANJAY KUMAR KHAITAN  
VIKRAMPATI SINGHANIA

*Chairman*

*Directors*

## PROFIT AND LOSS ACCOUNT (FOR THE PERIOD ENDED 30TH SEPTEMBER, 2010)

	Schedule	2009-10 (12 Months)	2008-09 (18 Months)
<b>INCOME</b>			
SALES AND OTHER INCOME	9	12,377.35	15,127.30
INCREASE/(DECREASE) IN STOCKS	10	718.19	(20.32)
		<u>13,095.54</u>	<u>15,106.98</u>
<b>EXPENDITURE</b>			
MATERIALS AND MANUFACTURING	11	6,476.93	8,961.87
EMPLOYEES COST	12	1,857.67	2,160.36
OTHER EXPENSES	13	3,189.53	4,056.48
		<u>11,524.13</u>	<u>15,178.71</u>
<b>OPERATING PROFIT/(LOSS)(BEFORE INTEREST &amp; DEPRECIATION)</b>		<b>1,571.41</b>	<b>(71.73)</b>
INTEREST	14	208.31	337.58
<b>PROFIT/(LOSS) BEFORE DEPRECIATION</b>		<b>1,363.10</b>	<b>(409.31)</b>
DEPRECIATION / AMORTISATION		264.31	325.73
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>1,098.79</b>	<b>(735.04)</b>
PROVISION FOR TAXATION			
- CURRENT TAX		210.62	135.10
- MAT CREDIT ENTITLEMENT		(210.62)	(135.10)
- FRINGE BENEFIT TAX		-	34.16
- DEFERRED TAX		41.60	(647.66)
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>1,057.19</b>	<b>(121.54)</b>
ADJUSTMENT FOR EARLIER YEAR TAX (NET)		(6.69)	1.64
		<u>1,063.88</u>	<u>(123.18)</u>
<b>APPROPRIATIONS</b>			
DEBENTURE REDEMPTION RESERVE		51.39	-
BALANCE CARRIED TO BALANCE SHEET		1,012.49	(123.18)
		<u>1,063.88</u>	<u>(123.18)</u>
BASIC AND DILUTED EARNINGS PER SHARE (₹)		<b>30.34</b>	<b>(3.51)</b>

### ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 15

Schedules 9 to 15 attached to the Profit & Loss Account form an integral part thereof.  
As per our report of even date

for LODHA & CO.,  
Chartered Accountants

Firm Regn. No. 301051E

N.K. LODHA  
Partner

Membership No. 85155  
New Delhi, the 29<sup>th</sup> November, 2010

P.S. DRAVID  
Manager

VIKAS PANDEY  
Dy. Company Secretary

BHARAT HARI SINGHANIA Chairman

J.R.C. BHANDARI  
SANJAY KUMAR KHAITAN  
VIKRAMPATI SINGHANIA Directors



<b>Schedule 1</b>	<b>30.09.2010</b>	<b>₹ in Lacs</b> 30.09.2009
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
Equity Shares - 1,75,00,000 of ₹ 10 each	<b>1,750.00</b>	1,750.00
Preference Shares - 50,00,000 of ₹ 85 each	<b>4,250.00</b>	4,250.00
	<b><u>6,000.00</u></b>	<u>6,000.00</u>
<b>Issued, Subscribed and Paid up:</b>		
Equity Shares - 35,06,510 of ₹ 10 each fully paid up	<b>350.65</b>	350.65
Zero Coupon Preference Shares 50,00,000 of ₹ 85 each fully paid up	<b>4,250.00</b>	4,250.00
	<b><u>4,600.65</u></b>	<u>4,600.65</u>

Pursuant to the Scheme of Arrangement & Amalgamation, in an earlier year;

- 34,56,510 Equity Shares of ₹10 each were allotted as fully paid up to the shareholders of JK Tyre & Industries Limited (JKTIL), without payment.
- 50,00,000 Zero Coupon Redeemable Preference Shares (ZCRPS) of ₹ 85 each were allotted as fully paid up to JKTIL (now Bengal and Assam Company Ltd.), without payment. These Shares are redeemable in five annual instalments of ₹15, ₹ 20, ₹ 20, ₹ 20 and ₹ 10 respectively commencing from 1<sup>st</sup> April, 2010. However, pending appeal before the Division Bench of Hon'ble High Court of Calcutta, against the due installments, payment have not been given effect/made.

<b>Schedule 2</b>	01.10.2009	<b>Additions</b>	Transfers	<b>30.09.2010</b>
<b>RESERVES AND SURPLUS</b>				
Debenture Redemption Reserve	1,011.12	<b>51.39</b>	-	<b>1,062.51</b>
General Reserve	1,608.96	-	-	<b>1,608.96</b>
Profit & Loss Account	1,575.68	<b>1,012.49</b>	-	<b>2,588.17</b>
	<u>4,195.76</u>	<b><u>1,063.88</u></b>	-	<b><u>5,259.64</u></b>
Previous year	<u>4,318.94</u>	<b><u>(123.18)</u></b>	-	<b><u>4,195.76</u></b>

<b>Schedule 3</b>	<b>30.09.2010</b>	30.09.2009
<b>LOANS</b>		
<b>SECURED LOANS</b>		
Zero Coupon Non-Convertible Bonds	<b>4,250.00</b>	4,250.00
Term Loan from Bank	<b>557.18</b>	-
Other Loan from Bank	<b>2,265.29</b>	2,162.28
	<b><u>7,072.47</u></b>	<u>6,412.28</u>

Notes:

- Zero Coupon Secured Non-Convertible Bonds (ZCSNCBs) of ₹ 4250 lacs are secured by subordinate and subservient charge created/to be created on all the movable and immovable properties of the Company, both present and future. These Bonds are redeemable in four instalments of ₹ 1000 each at the expiry of the 4<sup>th</sup> to 7<sup>th</sup> year and ₹ 250 at the expiry of 8<sup>th</sup> year from 1.4.2002. The terms of these ZCSNCBs are proposed to be revised pursuant to a Scheme of Arrangement and Demerger, appeal filed to the Division Bench of the Hon'ble High Court at Calcutta, the impact of which have not been given in these Accounts pending final disposal of said appeal. (Please see Note B1 of Schedule 15).
- Term Loan of ₹ 557.18 lacs (Previous year Nil) availed from bank is secured by first charge on the assets created out of the Bank's loan, hypothecation of entire intangible assets, second charge on the entire current assets viz stocks and book debts etc., both present and future, of the company and is further secured, by way of first charge on entire fixed assets of the Company including land at Dundigal village (AP) and Ranpur, Kota, (Rajasthan).
- Other Loan from Bank represent Working Capital borrowing which is secured by hypothecation of current assets viz stocks and book debts etc., both present and future, of the Company and by a second charge on entire fixed assets of the Company including land at Dundigal village (AP) and Ranpur, Kota, (Rajasthan).

<b>Schedule 4</b>	<b>30.09.2010</b>	30.09.2009
<b>UNSECURED LOANS</b>		
Council of Scientific & Industrial Research (CSIR)	<b>549.90</b>	549.90
	<b><u>549.90</u></b>	<u>549.90</u>

## Schedule 5

### FIXED ASSETS

₹ in Lacs

Assets	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01.10.09	Additions	Sales/ Adjustments	As at 30.09.10	As at 01.10.09	For the Year	On Sales/ Adjustments	As at 30.09.10	As at 30.09.10	As at 30.09.09
Land - Free Hold	401.61	-	-	401.61	-	-	-	-	401.61	401.61
Land - Lease Hold	151.09	-	-	151.09	7.54	2.81	-	10.35	140.74	143.55
Building#	95.88	29.39	-	125.27	14.02	23.55	-	37.57	87.70	81.86
Plant and Machinery#	576.47	1,213.47	10.77	1,779.17	149.22	67.48	6.69	210.01	1,569.16	427.25
Office Equipments, Furniture & Fixtures	220.51	16.82	4.70	232.63	39.75	12.50	1.60	50.65	181.98	180.76
Vehicles	217.72	53.63	40.93	230.42	59.61	22.12	15.84	65.89	164.53	158.11
<b>Intangibles:</b>										
Brand	2,700.00	-	-	2,700.00	1,012.68	135.00	-	1,147.68	1,552.32	1,687.32
Software	50.24	-	-	50.24	47.51	0.85	-	48.36	1.88	2.73
	4,413.52	1,313.31	56.40	5,670.43	1,330.33	264.31	24.13	1,570.51	4,099.92	3,083.19
Capital work-in-progress									29.55	25.32
Total									4,129.47	3,108.51
Previous year	4,321.30	208.51	116.29	4,413.52	1,040.14	325.73	35.54	1,330.33		

# Includes gross value as at 30.09.2010 of Building ₹ 125.27 lacs and Plant & Machinery ₹ 1198.55 lacs (WDV ₹ 87.69 lacs and ₹ 1,168.02 lacs respectively) on leasehold premises.

## Schedule 6

### INVESTMENTS

Names of the Bodies Corporate	Class of Shares/ Debentures	30.09.2010		30.09.2009	
		Numbers	₹ in lacs	Numbers	₹ in lacs
<b>LONG-TERM INVESTMENTS (Non trade)</b>					
<b>Quoted</b>					
JK Paper Ltd.	Equity	6,675,248	3,003.86	6,675,248	3,003.86
JK Lakshmi Cement Ltd.*	Equity	13,645,040	982.67	6,822,520	982.67
Umang Dairies Ltd.**	Equity	1,194,965	14.34	1,194,965	14.34
JK Sugar Ltd.	Equity	271,035	163.05	271,035	163.05
JK Tyre & Industries Ltd.	Equity	6,034,070	2,891.43	6,034,070	2,891.43
Bengal & Assam Company Ltd.	Equity	646,811	645.59	646,811	645.59
<b>Unquoted</b>					
JK Pharmachem Ltd. Under Liquidation	Equity	2,371,903	-	2,371,903	41.51
Udaipur Cement Works Ltd.-BIFR Co.	Equity	4,333,000	41.16	4,333,000	41.16
Fenner (India) Ltd.	Equity	3,796	1.23	3,796	1.23
JK Plant Bio Sciences Limited	Equity	5,000	0.50	-	-
<b>Subsidiary Companies</b>					
<b>Wholly owned - Unquoted</b>					
Florence Alumina Ltd.	Equity	1,500,000	150.00	1,500,000	150.00
<b>SHORT TERM (Non trade - unquoted)</b>					
ICICI Prudential Short Term Plan -Cumulative Option	Units	-	-	24,189.862	2.70
Reliance Money Manager Fund-Retail Option - Daily Dividend Plan	Units	-	-	23,702.064	237.27
Principal ultra short term Fund-Dividend Reinvestment Daily	Units	-	-	1,505,410.09	150.84
			<b>7,893.83</b>		<b>8,325.65</b>
Aggregate book value of unquoted Investments			<b>192.90</b>		624.71
Aggregate book value of quoted Investments			<b>7,700.94</b>		7,700.94
Market value of quoted Investments			<b>27,350.33</b>		21,572.05

\* Subdivided into 2 Equity Shares of ₹ 5/- each against 1 Equity Share of ₹10/- each.

\*\* Pursuant to the rehabilitation Scheme sanctioned by Hon'ble Board of Industrial and Financial Reconstruction (BIFR) vide its order dated 3.8.2009 becoming effective from 1.10.2008: Paid up value of equity shares has been reduced to ₹ 5/- each from ₹10/- each.

Investments purchased and sold during the year: Reliance money manager fund-Retail Option-Daily Dividend Plan: 333.811 units (Previous Year 16014.1712 units), Principal ultra short term fund-Dividend Reinvestment Daily: 20778.244 units (Previous Year Nil)



	30.09.2010	₹ in lacs 30.09.2009
<b>Schedule 7</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
<b>Inventories</b>		
Stores, Processing & Packing Material	238.54	244.80
Semi Finished Goods	783.86	-
Finished Goods	2,584.20	2,649.87
	<u>3,606.60</u>	<u>2,894.67</u>
<b>Sundry Debtors</b>		
(Unsecured, considered good):		
Debts over six months	147.63	243.09
Other Debts	4,195.04	2,326.67
	<u>4,342.67</u>	<u>2,569.76</u>
<b>Cash and Bank Balances</b>		
Cash in hand	1.66	1.24
Cheques in hand	6.71	-
Balances with Scheduled Banks :		
On Current Accounts	0.42	0.83
On Deposits Accounts	110.00	-
(Pledged with Bank ₹110.00 lacs (P.Y. Nil))		
	<u>118.79</u>	<u>2.07</u>
<b>B. LOANS AND ADVANCES:</b>		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received (Note B10 in Schedule 15)	841.78	563.43
Capital Advances	6.67	-
Prepaid Expenses	32.24	22.33
Deposit with Government Authorities and Others	96.36	70.81
Advance Payment of Income Tax	629.63	605.29
Mat Credit Entitlement	345.72	135.10
Advance Payment of Fringe Benefit Tax	72.85	145.54
	<u>2,025.25</u>	<u>1,542.50</u>
	<u>10,093.31</u>	<u>7,009.00</u>
<b>Schedule 8</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Acceptances	525.33	-
Sundry Creditors		
Micro & Small Enterprises*	0.76	-
Others	307.03	213.10
Advance from Customers	538.48	309.19
Interest Accrued but not due on loan	44.82	28.13
Other Liabilities	2,580.59	1,716.71
* To the extent information available with the Company (refer note B13 Schedule 15)		
	<u>3,997.01</u>	<u>2,267.13</u>
<b>B. PROVISIONS</b>		
Provision for Income Tax	760.20	558.79
Provision for Fringe Benefit Tax	72.85	129.10
Provision for Retirement Benefits	161.99	129.25
	<u>995.04</u>	<u>817.14</u>
	<u>4,992.05</u>	<u>3,084.27</u>
<b>Schedule 9</b>		
<b>SALES AND OTHER INCOME</b>		
1. Sales	11,383.09	14,007.92
2. Other Income		
Income from Long Term Investments (Non trade)		
- Dividends	703.51	766.36
- Profit on sale	-	0.04
Income from Current Investments		
- Dividend	5.39	4.00
- Profit on sale	1.93	-
Interest on Deposit with Banks & others (Tax at source ₹ 0.64 lacs; Previous Year ₹ 10.29 lacs)	9.52	50.20
Foreign Exchange Fluctuation	23.23	-
Liabilities no longer required written back	53.02	-
Miscellaneous Income	197.66	298.78
	<u>994.26</u>	<u>1,119.38</u>
	<u>12,377.35</u>	<u>15,127.30</u>

	2009-10 (12 Months)	₹ in lacs 2008-09 (18 Months)
<b>Schedule 10</b>		
<b>INCREASE/(DECREASE) IN STOCKS</b>		
<b>Opening Stock</b>		
- Semi Finished Goods	-	-
- Finished Goods	<u>2,649.87</u>	<u>2,670.19</u>
	<u>2,649.87</u>	<u>2,670.19</u>
<b>Closing Stock</b>		
- Semi Finished Goods	<u>783.86</u>	-
- Finished Goods	<u>2,584.20</u>	<u>2,649.87</u>
	<u>3,368.06</u>	<u>2,649.87</u>
Increase/(Decrease) in Stocks	<u>718.19</u>	<u>(20.32)</u>
<b>Schedule 11</b>		
<b>MATERIALS AND MANUFACTURING</b>		
Production and Purchase of Seeds & Others	5,406.68	7,399.02
Processing Charges	335.23	611.78
Consumption of Stores, Processing & Packing Materials	604.39	951.07
Power & Fuel	21.92	-
Labour Expenses	99.78	-
Repair & Maintenance- Machinery	1.73	-
Others	7.20	-
	<u>6,476.93</u>	<u>8,961.87</u>
<b>SCHEDULE 12</b>		
<b>EMPLOYEES COST</b>		
Salaries, Wages, Bonus & Retirement Benefits	1,008.61	1,149.34
Contribution to Provident and other Funds	115.13	140.50
Employees' Welfare and other Benefits	733.93	870.52
	<u>1,857.67</u>	<u>2,160.36</u>
<b>Schedule 13</b>		
<b>OTHER EXPENSES</b>		
Rent	175.69	173.73
Rates & Taxes	3.86	0.54
Insurance	15.39	19.09
Discount	112.42	264.80
Freight & Transportation	352.38	502.42
Advertisement	730.34	1,004.79
Royalty	121.85	-
Provision for Diminution in the value of Long Term Investments	41.51	-
Directors' Fees	1.96	2.70
Farming Expenses	370.19	602.73
Travelling	649.40	719.70
Commission	83.47	134.98
Loss on Sales/Discard of Assets (Net of Profit of ₹ 3.15 lacs)	3.20	0.53
Office & Godown Maintenance	64.43	108.91
Provision for Doubtful Debts & Advances	63.43	37.12
Bad Debts Written off	0.29	-
Foreign Exchange Fluctuation	-	4.46
Bank Charges, Printing & Stationery, Postage, Telephone and other Miscellaneous Expenses etc.	399.72	479.98
	<u>3,189.53</u>	<u>4,056.48</u>
<b>Schedule 14</b>		
<b>INTEREST</b>		
<b>Interest on :</b>		
Term Loans	55.43	21.94
Others	152.88	315.64
	<u>208.31</u>	<u>337.58</u>

## Schedule 15

### **ACCOUNTING POLICES AND NOTES ON ACCOUNTS OF JK AGRI GENETICS LTD. FOR THE YEAR ENDED 30th September, 2010.**

#### **A. SIGNIFICANT ACCOUNTING POLICIES**

1. The financial statements have been prepared under historical cost convention on accrual basis in compliance with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.
2. Fixed assets are stated at cost. Cost includes all costs incurred to bring the assets to their present location and condition.
3. (a) Depreciation on fixed assets is calculated on straight-line method (SLM). Depreciation is provided at the rates in force as per Schedule XIV of the Companies Act, 1956.  
(b) Capital expenditures on lease hold premises are charged on straight-line method (SLM) over the lease period or at the rates specified in Schedule XIV of the Companies Act, 1956, whichever period is lower.  
(c) Leasehold Land is being amortized over the lease period.
4. Long Term Investments are stated at cost less diminution. 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. Current investments are carried at lower of cost and quoted / fair value.
5. Assets & liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year. All exchange differences are recognised in the Profit and Loss Account.
6. Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted average basis. Finished Goods, Semi Finished goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
7. The carrying amount of Assets are reviewed at each Balance Sheet date to assess impairment, if any based on internal/external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value being higher of value in use and net selling price. An impairment loss is recognised as an expense in the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been an improvement in recoverable amount.
8. Intangible assets are recognised if future economic benefits are likely and cost of the asset can be measured reliably. The depreciable amount of an intangible asset is allocated on a systematic basis over the useful life of the asset.
9. Employees Benefits:
  - (a) Defined Contribution Plan  
Employee benefits in the form of Superannuation Fund, Provident Fund (PF) and ESI considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contribution to the respective funds are due.
  - (b) Defined Benefit Plan  
Retirement benefits in the form of Gratuity, Leave Encashment and PF (funded) are considered as defined benefit obligations and are provided for on the basis of an Actuarial Valuation, using the projected unit credit method, as at the date of the Balance Sheet.
  - (c) Short term compensated absences are provided based on past experience of the leave availed.  
Actuarial gain / Losses, if any, are immediately recognized in the Profit and Loss Account.
10. Current Tax is the amount of tax payable on the estimated taxable income for the current year as per the provisions of Income Tax Act, 1961. Deferred Tax is recognized, for timing differences. However, deferred tax asset is recognized on the basis of reasonable/virtual certainty that sufficient future taxable income will be available against which the same can be realised.

11. Provision in respect of present obligation arising out of past events are made in Accounts when reliable estimates can be made of the amount of the obligation. Contingent Liabilities (if material) are disclosed by way of Notes to Accounts. Contingent Assets are not recognized or disclosed in Financial Statements and are included, if any, in the Directors' Report.

## B. NOTES ON ACCOUNTS

1. The Company filed a Scheme of Arrangement and Demerger under Sections 391- 394 of the Companies Act, 1956 ('the Scheme') with Hon'ble High Court at Calcutta, pursuant to which it is proposed to demerge Seed Undertaking into a separate entity w.e.f. the Appointed Date i.e. 1<sup>st</sup> April, 2005. The said Hon'ble High Court by its judgment dated May 20, 2010, did not approve the said Scheme. The Company has, however, filed an appeal to the Division Bench of the said Hon'ble Court which is pending for final disposal. The impact of the Scheme would be given in the financial results w.e.f. the said appointed date, after the scheme is sanctioned by the said Hon'ble Court.
2. Estimated amount of contracts net of advances amounting to ₹ 98.75 lacs (Previous Year Nil) remaining to be executed on capital account.
3. Contingent liabilities, not provided for in respect of :
  - (a) Claims by certain parties against the company not accepted and not provided for ₹ 176.15 lacs (Net of ₹ 108.75 lacs to be indemnified by another party) (Previous Year ₹ 168.76 lacs, Net of ₹ 144.26 lacs to be indemnified by another party).
  - (b) Pending export obligation against import of capital goods under EPCG Scheme (guarantee given ₹ 129.24 lacs); ₹ 501.67 lacs (Previous Year Nil).
  - (c) Income Tax (matters in appeals) of ₹ 66.66 lacs (Previous year ₹ 15.60 lacs).
4. (a) Income tax calculation has been made considering certain expenses/adjustments available as assessed by the management.  
(b) Provision for taxation represents Minimum Alternate Tax (MAT) computed under section 115JB of the Income Tax Act, 1961.
5. (a) In terms of disclosure requirements stated in Accounting Standard on Intangible Assets (AS-26) issued by the Institute of Chartered Accountants of India, the management considered it appropriate to amortize "JK SEEDS" brand over a period of 20 years from the date of its acquisition, considering nature of business, life cycle of brand, its inherent value and expected future benefits. The carrying amount of "JK SEEDS" brand is ₹ 1552.32 lacs as on 30<sup>th</sup> September, 2010 to be amortized over the balance period of eleven and half years.  
(b) Software is amortized over a period of 5 years from the year of installation.
6. Research and Development Revenue expenses amounting to ₹ 1116.35 Lacs (Previous Year ₹ 1,741.07 lacs) have been included in respective revenue accounts.

	<b>₹ in Lacs</b>	
	<b>2009-10</b>	2008-09
	<b>(12 Months)</b>	(18 Months)
7. Remuneration to Manager:		
Salaries	<b>44.86</b>	52.18
Contribution to PF & other Funds*	<b>5.83</b>	7.36
Value of Perquisites (as per Income Tax Rules)	<b>7.89</b>	10.76
	<b>58.58</b>	70.30

\* Excludes provision for Gratuity and Leave Encashment where the actuarial valuation has been done on overall Company basis.

	₹ in Lacs	
	2009-10 (12 Months)	2008-09 (18 Months)
8. Amount paid to Auditors:		
Statutory Auditors		
Audit Fee	0.94	1.42
Taxation	0.33	0.34
Certification Charges	1.24	2.06
Reimbursement of expenses	1.05	0.53
	<u>3.56</u>	<u>4.35</u>

9. (a) During the year, The Company has commissioned its Seeds Processing Plant and commenced processing of unprocessed seeds, which is included in the inventory at the end of the year.
- (b) Additions to Fixed Assets and Capital work-in-progress include Machinery in stock/transit, construction/erection materials and also includes the following pre-operative expenses pending allocation:

	₹ in Lacs	
	30.09.2010	30.09.2009
Lease Rent	37.55	-
Power and Fuel	2.20	-
Travelling	0.06	-
Office & Godown Maintenance	2.58	-
Freight & Transportation	4.29	-
Rates & Taxes	0.51	-
Miscellaneous Expenses	10.53	-
Electricity connection charges	0.40	-
	<u>58.12</u>	<u>-</u>
Less: Transferred to Fixed Assets	57.72	-
	<u>0.40</u>	<u>-</u>

10. (a) Debtors over six months and Advances are net of provisions made for Doubtful Debts of ₹ 88.48 lacs and Advances ₹ 21.85 lacs (Previous year ₹ 30.40 lacs and ₹ 16.50 lacs) respectively.
- (b) Some of the balances of debtors, loans & advances and current liabilities are in the process of confirmation/reconciliation.
11. In respect of certain disallowances and additions made by the Income Tax authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally determined.
12. (a) Forward Contract for ₹ 140.46 lacs-USD 300,000 (Previous year Nil) taken for the purpose of hedging against Letter of Credit for Import outstanding as at 30<sup>th</sup> September, 2010.
- (b) Foreign currency exposure not hedged are ₹ 402.21 lacs on account of net payable (equivalent to USD 13,725 towards receivables; USD 8,63,706 & Euro 30,000 towards payables) as at 30<sup>th</sup> September, 2010; (Previous year ₹ 1.72 lacs on account of net receivable equivalent to USD 3,575).
13. The details of amounts outstanding under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) to the extent information available with the Company are as under: (i) Principal & Interest amount due and remaining unpaid as at 30<sup>th</sup> September, 2010: Nil (Previous Year: Nil) (ii) Payment made beyond and appointed day during the year: Nil (Previous year: Nil) and (iii) Interest accrued and unpaid as at 30.09.2010 : Nil (Previous Year : Nil).
14. The disclosures required under Accounting Standard (AS-15) "Employees Benefits" notified in the Companies (Accounting Standards) Rules, 2006 are as given below:  
Defined Benefits Plans / Long Term Compensated Absences - As per Actuarial Valuation on 30<sup>th</sup> September, 2010.

	₹ in Lacs			
	2009-10 (12 Months)		2008-09 (18 Months)	
	Gratuity Non Funded	Leave Encashment Non Funded	Gratuity Non Funded	Leave Encashment Non Funded
I. Expenses recognised in the Statement of Profit & Loss Account for the Period ended 30 <sup>th</sup> September, 2010				
1. Current Service Cost	15.02	20.03	19.13	23.12
2. Past Service Cost	8.39	-	-	-
3. Interest Cost	4.92	4.56	6.45	7.54
4. Expected Returns on plan assets	-	-	-	-
5. Actuarial (Gain)/Losses	(1.21)	(2.30)	14.35	(26.98)
6. Total expenses	27.12	22.29	39.93	3.68
II. Net Asset/(Liability) recognised in the Balance Sheet as at 30 <sup>th</sup> September, 2010				
1. Present Value of Defined Benefit Obligation as at 30 <sup>th</sup> September, 2010	73.19	69.31	61.45	57.01
2. Fair Value of plan assets as at 30 <sup>th</sup> September, 2010	-	-	-	-
3. Funded status Surplus/(Deficit)	-	-	-	-
4. Net Asset/(Liability) as at 30 <sup>th</sup> Sep., 2010	<u>(73.19)</u>	<u>(69.31)</u>	<u>(61.45)</u>	<u>(57.01)</u>
III. Change in obligation during the period ended 30 <sup>th</sup> September, 2010				
1. Present Value of Defined Benefit Obligation at the beginning of the year	61.45	57.01	53.81	62.79
2. Current Service Cost	15.02	20.03	19.13	23.12
3. Past Service Cost	8.39	-	-	-
4. Interest Cost	4.92	4.56	6.45	7.54
5. Actuarial (Gain)/Losses	(1.21)	(2.30)	14.35	(26.98)
6. Benefits Payments	(15.38)	(9.99)	(32.29)	(9.46)
7. Present Value of Defined Benefits Obligation at the end of the year	<u>73.19</u>	<u>69.31</u>	<u>61.45</u>	<u>57.01</u>
IV Change in Assets during the period ended 30 <sup>th</sup> September, 2010	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
V The major categories of plan assets as % of total plan	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
VI Actuarial Assumptions				
1. Discount Rate	8.00%		8.00%	
2. Expected rate of return on plan assets	-		-	
3. Mortality	<b>LIC (1994-96) duly modified</b>		<b>LIC (1994-96) duly modified</b>	
4. Turnover rate	<b>Age upto 30-3%, upto 44-2%, above 44-1%</b>		<b>Age upto 30-3%, upto 44-2%, above 44-1%</b>	
5. Salary Escalation	<b>5.50%</b>		<b>5.50%</b>	

(a) Defined Benefit Plans

Amounts recognised as expense and included in the Schedule 12:

Item "Salaries, Wages, Bonus & Retirement Benefits" includes ₹ 27.12 lacs (Previous year ₹ 39.93 lacs) for gratuity, ₹ 22.29 lacs (Previous year ₹ 3.68 lacs) for leave encashment.

Items "Contribution to Provident and Other Funds" is ₹ Nil (Previous year ₹ 30.13 lacs) for PF funded.

(b) Defined Contribution Plans

Amount recognised as an expense and included in the Schedule 12 "Contribution to Provident and other Funds" of Profit & Loss account ₹ 115.13 lacs (Previous year ₹ 110.37 lacs).

(c) The estimates of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

15. Segment information for the period ended 30<sup>th</sup> September, 2010.

₹ in Lacs

PARTICULARS	2009-10 (12 Months)			2008-09 (18 Months)		
	Seeds Allied Products & Services	Investments	Total	Seeds Allied Products & Services	Investments	Total
<b>Revenue</b>						
Sales	11,383.09	–	11,383.09	14,007.92	-	14,007.92
Other Income	283.43	796.76	1,080.19	298.78	866.84	1,165.62
Total Revenue	11,666.52	796.76	12,463.28	14,306.70	866.84	15,173.54
Less: Intersegment Revenues			85.93			46.24
Net Sales/Other Income from operations			12,377.35			15,127.30
<b>Results</b>						
Segment Results (PBIT)	556.01	751.09	1,307.10	(1,258.06)	860.60	(397.46)
Less: Interest			208.31			337.58
Add: Unallocable Income net of Unallocable Expenditure			–			–
Profit / (Loss) before Tax			1,098.79			(735.04)
<b>Other Information</b>						
Segment Assets	11,148.65	9,919.76	21,068.41	8,388.56	9,168.67	17,557.23
Unallocable Assets			1,406.30			1,285.63
Total Assets			22,474.71			18,842.86
Segment Liabilities	11,781.37	–	11,781.37	9,358.56	–	9,358.56
Unallocable Liabilities			833.05			687.89
Total Liabilities			12,614.42			10,046.45
Capital Expenditure	1,317.54	–	1,317.54	208.51	–	208.51
Depreciation	264.31	–	264.31	325.73	–	325.73

Note: Business Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17). The Company's income from sales is mainly from customers located in India. The conditions prevailing in India being uniform, no separate geographical Segment disclosure is considered necessary.

16. Related Party disclosure in accordance with Accounting Standard 18

(A) Relationships

- |                                      |   |  |
|--------------------------------------|---|--|
| (i) Wholly Owned Subsidiary          | : | Florence Alumina Limited                         |
| (ii) Associate                       | : | -  |
| (iii) Key Management Personnel (KMP) | : | Shri P.S. Dravid, President & Manager*           |
| (iv) Relative of KMP                 | : | Smt. Surekha Dravid: Wife of Shri P.S. Dravid \$ |



## (B) Transactions with Related Parties

₹ in lacs

S. No.	Nature of transaction	2009-10	
		Subsidiary	Associate
1.	Loans / Advances Paid	- (3.28)	- (-)
2.	Loans / Advances Recovered	- (3.28)	- (-)

Previous year's figures are in brackets.

\*Remuneration-Details given in Note No.7.

\$ Lease rent: ₹ 9.00 lacs (Previous year ₹13.50 lacs)

17. Earnings per Share	<b>2009-10</b>	2008-09
	<b>(12 Months)</b>	(18 Months)
(a) Profit/(Loss) after Tax (₹ in lacs)	<b>1,063.88</b>	(123.18)
(b) Weighted average no. of Equity Shares (Nos.)	<b>35,06,510</b>	35,06,510
(c) Nominal Value of Equity Share (₹)	<b>10</b>	10
(d) Basic and Diluted Earnings per Equity Share (₹)	<b>30.34</b>	(3.51)

18. Pursuant to the Accounting Standard on 'Accounting for Taxes on Income' (AS-22), Deferred Tax Liability / Asset (net) are as under:

₹ in lacs

	30.09.2010		30.09.2009	
	1. Deferred Tax Liabilities			
(i) Related to Fixed Assets		<b>369.90</b>		313.15
(ii) Others		<b>7.95</b>		-
2. Deferred Tax Assets				
(i) Provision for Doubtful Debts	<b>29.39</b>		10.33	
(ii) Disallowance under Income Tax Act	<b>61.77</b>		54.80	
(iii) Unabsorbed depreciation and carried forward losses	<b>644.79</b>	<b>735.95</b>	647.72	712.85
3. Deferred Tax Liability / (Asset) (Net)		<b>(358.10)</b>		(399.70)

In view of the management, deferred tax asset (net) as above is realisable.

## 19. Impairment of Assets:

The Company carries out a periodic review of all its assets with a view to identify any impairment. Impairment of assets, if any, identified on the basis of such review is accounted for in the books as required by the Accounting Standard on Impairment of Assets (AS-28) issued by the Institute of Chartered Accountants of India. There is no impairment of assets which has not been accounted.

## 20. Leases

## Operating Lease

Factory Premises and Vehicles have been obtained on lease. Lease rentals in case of factory premises have escalation clause while there is no escalation clause in case of Vehicles except for change in taxes, if any. There are no significant restrictions imposed by Lease agreements. There are no sub leases.



	<b>As at</b> <b>30.09.2010</b>	<b>₹ in lacs</b> As at 30.09.2009
Lease Payments		
During the year	<b>114.33</b>	-
Not later than one year	<b>133.54</b>	-
Later than one year and not later than three years	<b>177.11</b>	-

21. Particulars of Production, Purchase, Sales and Stocks:

Particulars	2009-10 (12 Months)		2008-09 (18 Months)	
	Qty (100 Qtls.)	Amount (₹ In Lacs)	Qty (100 Qtls.)	Amount (₹ In Lacs)
Licensed Capacity	Not Applicable#		Not Applicable#	
Installed Capacity	Not Applicable#		Not Applicable#	
Opening Stock				
Seeds (Semi-Finished)*	-	-	-	-
Seeds (Finished)*	<b>332.99</b>	<b>2,325.67</b>	515.28	2,406.99
Others \$		<b>324.20</b>		263.20
Total		<b>2,649.87</b>		2,670.19
Production & Purchase**				
Seeds*	<b>889.19</b>	<b>4,796.50</b>	753.36	6,715.67
Others \$		<b>610.18</b>		683.35
Total		<b>5,406.68</b>		7,399.02
Sales				
Seeds*	<b>614.81</b>	<b>10,577.58</b>	935.65	13,070.71
Others \$		<b>630.94</b>		809.86
Services		<b>174.57</b>		127.35
Total		<b>11,383.09</b>		14,007.92
Closing Stock				
Seeds (Semi-Finished)*	<b>199.14</b>	<b>783.86</b>	-	-
Seeds (Finished)*	<b>408.23</b>	<b>2,253.14</b>	332.99	2,325.67
Others \$		<b>331.06</b>		324.20
Total		<b>3,368.06</b>		2,649.87

# Since agricultural produce.

\*excluding Foundation and Breeder Seeds.

\*\* Net of Process loss/shortage of 200.04 and Remnant of 56.83 (Previous year 301.29 and Nil respectively) (Quantity in 100 Qtls.) and includes processing of finished goods by outside parties.

\$ No individual items accounts for 10% or more of the total value of stocks and sales in case of "Others".

22. Production and Purchase of Seeds & Others Consumed:

	2009-10 (12 Months)		2008-09 (18 Months)	
	Amount (₹ in lacs)	% of total Consumption	Amount (₹ in lacs)	% of total Consumption
Indigenous	<b>5,357.43</b>	<b>98.97</b>	7,357.46	99.33
Imported	<b>55.97</b>	<b>1.03</b>	50.08	0.67
	<b>5,413.40</b>	<b>100.00</b>	7,407.54	100.00

The above includes ₹ 6.72 lacs (previous year ₹ 8.52 lacs) included under Farming Expenses.

23. Stores, Process & Packing Materials consumed:

	2009-10 (12 Months)		2008-09 (18 Months)	
	Amount (₹ in lacs)	% of total Consumption	Amount (₹ in lacs)	% of total Consumption
Indigenous	<b>675.76</b>	<b>98.29</b>	1,087.71	99.41
Imported	<b>11.74</b>	<b>1.71</b>	6.41	0.59
	<b>687.50</b>	<b>100.00</b>	1,094.12	100.00

The above includes ₹ 83.11 lacs (Previous year ₹ 143.05 lacs) included under Farming Expenses.

	₹ in lacs	
	2009-10 (12 Months)	2008-09 (18 Months)
24. CIF Value of Imports		
Seeds	<b>47.19</b>	40.78
Capital Goods (R & D)	-	45.72
Capital Goods	<b>551.23</b>	-
Consumables & Spare Parts (R & D)	<b>10.10</b>	6.28
25. Expenditure in Foreign Currency (as remitted):		
Technical Services (R & D)	<b>2.36</b>	15.20
Travelling & Others	<b>21.03</b>	19.61
26. Earnings in Foreign Exchange		
F.O.B value of exports	<b>129.11</b>	116.62
Others	<b>94.09</b>	61.09

27. The Company has long-term investments aggregating ₹ 7,893.83 lacs in quoted/unquoted equity shares in certain companies. The market price of quoted investments in certain cases has fallen below the book value. However, considering the long-term nature of the investments, and intrinsic value of investee Company's assets, no provision is considered necessary by the management, at present, for diminution in the value of Quoted/Unquoted investments. The aggregate market value of all the quoted investments however is well above the aggregate book value of the quoted investment as per details given in Schedule 6 hereto.

28. The figures of the current year October 2009-September 2010 (12 months) are not comparable with the figures for the previous period April 2008-September 2009 (18 months).

29. Figures for the previous year have been regrouped/rearranged and/or restated wherever necessary, to conform to current year's presentation.

30. Schedules 1 to 15 forming part of the accounts for the year ended 30<sup>th</sup> September, 2010.

for LODHA & CO.,

Chartered Accountants

Firm Regn. No. 301051E

N.K. LODHA

Partner

Membership No. 85155

New Delhi, the 29<sup>th</sup> November, 2010

P.S. DRAVID

Manager

VIKAS PANDEY

Dy. Company Secretary

BHARAT HARI SINGHANIA

J.R.C. BHANDARI

SANJAY KUMAR KHAITAN

VIKRAMPATI SINGHANIA

Chairman

Directors

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI PART IV OF THE COMPANIES ACT, 1956**

**I. REGISTRATION DETAILS**

Registration no.	92885
State Code	21
Balance Sheet Date	30.09.2010

**II. CAPITAL RAISED DURING THE YEAR (Amount in ₹ Thousands)**

Right Issue	Nil
Private Placement	Nil
Bonus Issue	Nil

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in ₹ Thousands)**

Total Liabilities	1,748,266
Total Assets	1,748,266

**SOURCES OF FUNDS**

Paid-up Capital	460,065
Reserves & Surplus	525,964
Deferred Tax Liabilities	–
Secured Loans	707,247
Unsecured Loans	54,990

**APPLICATION OF FUNDS**

Net Fixed Assets	412,947
Investments	789,383
Deferred Tax Assets	35,810
Net Current Assets	510,126
Misc. Expenditure	Nil
Accumulated Losses	Nil

**IV. PERFORMANCE OF THE COMPANY (Amount in ₹ Thousands)**

Turnover Including other Income	1,237,735
Total Expenditure	1,127,856
Profit/(Loss) Before Tax	109,879
Profit/(Loss) After Tax	106,388
Earning Per Share ( ₹ )	30.34
Dividend Rate (%)	Nil

**V. GENERIC NAME OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY**

(As per Monetary Terms)	
Item Code No.	(Not applicable)
Product Description	Hybrid Seeds

BHARAT HARI SINGHANIA *Chairman*

J.R.C. BHANDARI

SANJAY KUMAR KHAITAN *Directors*

VIKRAMPATI SINGHANIA

P.S. DRAVID

VIKAS PANDEY

New Delhi, the 29<sup>th</sup> November, 2010

*Manager*

*Dy. Company Secretary*

## Cash Flow Statement

For the period ended 30th September, 2010

	2009-10 (12 Months)	₹ in Lacs 2008-09 (18 Months)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	1,098.79	(735.04)
Adjustment for :		
Depreciation / Amortisation	264.31	325.73
Interest Expenses	208.31	337.58
(Profit)/Loss on sale of Assets	3.20	0.53
(Profit)/Loss on sale of Investments	(1.93)	(0.04)
Foreign Exchange Fluctuation	(24.04)	-
Diminution in Value of Investments	41.51	-
Interest/Dividend Received	(718.42)	(820.56)
Provision for Doubtful Debts/Advances	63.43	37.12
Bad Debts Written off	0.29	-
Liabilities no longer required written back	(53.02)	-
<b>Operating Profit before working capital changes</b>	<b>882.43</b>	<b>(854.68)</b>
(Increase)/ Decrease in Trade and Other Receivables	(2,092.98)	2,446.63
(Increase)/ Decrease in Inventories	(711.93)	275.70
Increase/ (Decrease) in Trade Payables	1,228.83	(3,155.00)
<b>Cash generated from Operations</b>	<b>(693.65)</b>	<b>(1,287.35)</b>
Direct taxes paid (including FBT)	(10.42)	(96.88)
<b>Net Cash from Operating Activities</b>	<b>(704.07)</b>	<b>(1,384.23)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(774.93)	(211.72)
Sale of Fixed Assets	29.08	80.22
Purchase of Investments	(0.50)	(2,070.35)
Sale of Investments	392.75	400.04
Interest Received	3.75	64.52
Dividend Received	702.06	890.05
<b>Net Cash from/(used in) Investing activities</b>	<b>352.21</b>	<b>(847.24)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long Term borrowings	557.18	338.70
Repayment of Long Term borrowings	-	(3.30)
Proceeds from short term borrowings (Net)	103.02	755.11
Interest Paid	(191.62)	(315.79)
<b>Net cash from/(used in) financing activities</b>	<b>468.58</b>	<b>774.72</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>	<b>116.72</b>	<b>(1,456.75)</b>
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>2.07</b>	<b>1,458.82</b>
<b>Cash and Cash equivalents as at the end of the year</b>	<b>118.79</b>	<b>2.07</b>

### Notes:

- 1 Cash and Cash Equivalents Include:
- Cash, Cheques in hand and Remittances in transit
  - Balances with Scheduled Banks

8.37	1.24
110.42	0.83
118.79	2.07

As per our report of even date  
for LODHA & CO.,  
Chartered Accountants

Firm Regn. No. 301051E

N.K. LODHA  
Partner

Membership No. 85155  
New Delhi, the 29<sup>th</sup> November, 2010

P.S. DRAVID  
Manager

VIKAS PANDEY  
Dy. Company Secretary

BHARAT HARI SINGHANIA *Chairman*

J.R.C. BHANDARI  
SANJAY KUMAR KHAITAN  
VIKRAMPATI SINGHANIA *Directors*

**Statement pursuant to Section 212 of the Companies Act, 1956**

1	Name of the wholly owned Subsidiary Company	Florence Alumina Ltd.
2	Financial year of the Subsidiary Company ended on	31st March, 2010
3	Shares of the Subsidiary Company held on the above date and extent of holding	
	(a) Equity Shares	15,00,000
	(b) Extent of Holding	100%
4	The net aggregate amount of the Subsidiary Profit/(Loss) so far as it is concerned with the members of JK Agri Genetics Limited	
	(i) Not dealt within the Company's accounts	
	(a) For the Financial year of the Subsidiary (in lacs)	Profit of ₹ 8.56 lacs
	(b) For the previous Financial years of the Subsidiary since it became Holding Company's Subsidiary (in lacs)	Profit of ₹ 9.95 lacs
	(ii) Dealt within the Holding Company's accounts	
	(a) For the Financial year of the Subsidiary (in lacs)	NIL
	(b) For the previous Financial years of the Subsidiary since it became Holding Company's Subsidiary (in lacs)	NIL
5	Changes in the interest of Holding Company between the end of the Financial year of the Subsidiary and the end of the Holding Company's Financial year - increase %	-

BHARAT HARI SINGHANIA *Chairman*

J.R.C. BHANDARI

SANJAY KUMAR KHAITAN *Directors*

VIKRAMPATI SINGHANIA

P.S. DRAVID

VIKAS PANDEY

New Delhi, the 29<sup>th</sup> November, 2010

*Manager*

*Dy. Company Secretary*

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of JK AGRICULTURAL GENETICS LIMITED (the Company) on Consolidated Financial Statements of JK AGRICULTURAL GENETICS LIMITED & its Subsidiary.

We have examined the attached Consolidated Balance Sheet of JK AGRICULTURAL GENETICS LIMITED and its subsidiary as at 30<sup>th</sup> September 2010, the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

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.

We have 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of subsidiary namely Florence Alumina Limited have been audited by us, whose financial statements as at 31<sup>st</sup> March 2010 reflect total assets of ₹ 178.86 lacs and total revenue of ₹ 12.73 lacs for the year then ended.

We report that the Consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of JK Agricultural Genetics Limited & its Subsidiary included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on consideration of the separate audit report on individual audited financial statements of the Company and its subsidiary included in the Consolidated Financial Statements, we are of the opinion that the said Consolidated Financial Statements read together with notes thereon, give a

true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of JK Agricultural Genetics Limited and its subsidiary as at 30<sup>th</sup> September, 2010;
- (ii) In the case of Consolidated Profit & Loss Account of the consolidated results of operations (profit) of JK Agricultural Genetics Limited and its subsidiary for the year ended on that date; and
- (iii) In the case of Consolidated Cash Flow Statement, of the consolidated cash flows of JK Agricultural Genetics Limited and its subsidiary for the year ended on that date.

for LODHA & CO.  
Chartered Accountants  
Firm Regn. No. 301051E

Place : New Delhi  
Dated : 29<sup>th</sup> November 2010

N. K. LODHA  
Partner  
Membership No. - 85155

## CONSOLIDATED BALANCE SHEET (As at 30th September, 2010)

	₹ in Lacs	
	30.09.2010	30.09.2009
<b>SOURCES OF FUNDS</b>		
SHAREHOLDERS' FUNDS		
SHARE CAPITAL	4,600.65	4,600.65
RESERVES AND SURPLUS	5,288.86	4,216.41
	<u>9,889.51</u>	<u>8,817.06</u>
SECURED LOANS	7,072.47	6,412.28
UNSECURED LOANS	549.90	549.90
	<u>17,511.88</u>	<u>15,779.24</u>
<b>APPLICATION OF FUNDS</b>		
FIXED ASSETS		
GROSS BLOCK	5,670.43	4,413.52
LESS: DEPRECIATION / AMORTISATION	1,570.51	1,330.33
NET BLOCK	4,099.92	3,083.19
CAPITAL WORK IN PROGRESS	29.55	25.32
	<u>4,129.47</u>	<u>3,108.51</u>
GOODWILL ON CONSOLIDATION	0.35	0.35
INVESTMENTS	7,743.83	8,175.65
DEFERRED TAX ASSET (NET)	358.10	399.70
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
INVENTORIES	3,606.60	2,894.67
SUNDRY DEBTORS	4,342.67	2,569.76
CASH AND BANK BALANCES	297.51	174.12
LOANS AND ADVANCES	2,038.21	1,551.25
	<u>10,284.99</u>	<u>7,189.80</u>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>		
CURRENT LIABILITIES	3,997.49	2,267.79
PROVISIONS	1,007.37	826.98
	<u>5,004.86</u>	<u>3,094.77</u>
NET CURRENT ASSETS	<u>5,280.13</u>	<u>4,095.03</u>
	<u>17,511.88</u>	<u>15,779.24</u>

As per our report of even date  
for LODHA & CO.,  
Chartered Accountants  
Firm Regn. No. 301051E

N.K. LODHA  
Partner  
Membership No. 85155  
New Delhi, the 29<sup>th</sup> November, 2010

P.S. DRAVID  
Manager

VIKAS PANDEY  
Dy. Company Secretary

BHARAT HARI SINGHANIA *Chairman*  
J.R.C. BHANDARI  
SANJAY KUMAR KHAITAN *Directors*  
VIKRAMPATI SINGHANIA

## CONSOLIDATED PROFIT AND LOSS ACCOUNT (FOR THE PERIOD ENDED 30TH SEPTEMBER, 2010)

	₹ in Lacs	
	2009-10 (12 Months)	2008-09 (18 Months)
<b>INCOME</b>		
SALES AND OTHER INCOME	12,390.08	15,142.33
INCREASE/(DECREASE) IN STOCKS	718.19	(20.32)
	<b>13,108.27</b>	<b>15,122.01</b>
<b>EXPENDITURE</b>		
MATERIALS AND MANUFACTURING	6,476.93	8,961.87
EMPLOYEES COST	1,857.67	2,160.36
OTHER EXPENSES	3,189.83	4,057.01
	<b>11,524.43</b>	<b>15,179.24</b>
<b>OPERATING PROFIT/(LOSS) (BEFORE INTEREST &amp; DEPRECIATION)</b>	<b>1,583.84</b>	(57.23)
INTEREST	208.31	337.58
<b>PROFIT/(LOSS) BEFORE DEPRECIATION</b>	<b>1,375.53</b>	(394.81)
DEPRECIATION / AMORTISATION	264.31	325.73
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>1,111.22</b>	(720.54)
PROVISION FOR TAXATION		
- CURRENT TAX	214.49	139.65
- MAT CREDIT ENTITLEMENT	(210.62)	(135.10)
- FRINGE BENEFITS TAX	-	34.16
- DEFERRED TAX	41.60	(647.66)
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>1,065.75</b>	(111.59)
ADJUSTMENT FOR EARLIER YEAR TAX (NET)	(6.69)	1.64
	<b>1,072.44</b>	<b>(113.23)</b>
<b>APPROPRIATIONS</b>		
DEBENTURE REDEMPTION RESERVE	51.39	-
BALANCE CARRIED TO BALANCE SHEET	1,021.05	(113.23)
	<b>1,072.44</b>	<b>(113.23)</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (₹)</b>	<b>30.58</b>	(3.23)

As per our report of even date

for LODHA & CO.,  
Chartered Accountants

Firm Regn. No. 301051E

N.K. LODHA

Partner

Membership No. 85155

New Delhi, the 29<sup>th</sup> November, 2010

P.S. DRAVID

Manager

VIKAS PANDEY

Dy. Company Secretary

BHARAT HARI SINGHANIA

Chairman

J.R.C. BHANDARI

SANJAY KUMAR KHAITAN

VIKRAMPATI SINGHANIA

Directors



## NOTES ON ACCOUNTS

- The accounts have been prepared to comply with the requirements of Accounting Standard on 'Consolidated Financial Statements' (AS-21), issued by the Institute of Chartered Accountants of India, to include all material items.
- Consolidated Financial Statements (CFS) as on 30.09.2010 comprise the financial statements of JK Agri Genetics Limited (Parent Company) and its 100% Subsidiary Florence Alumina Ltd. (Incorporated in India). The accounts of Florence Alumina Ltd. are for the 12 months period (i.e. from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010). There are no significant transactions or other material events that have occurred between the Balance Sheet date of Parent Company and its Subsidiary.
- The Consolidated Financial Statements have been prepared based on a line-by-line consolidation using uniform accounting policies for like transactions and other events in similar circumstances. The effects of intra group transactions are eliminated in consolidation.
- In view of insignificant/negligible transactions of the subsidiary company, the accounts of which are annexed elsewhere, notes and schedules are not prepared.
- The difference between the Cost of Investment in the Subsidiary and the share of Net Assets at the time of acquisition of shares in the Subsidiary is identified in the financial statements as Goodwill.

6. Earnings per Share	<b>2009-10</b>	2008-09
	<b>(12 Months)</b>	(18 Months)
(a) Profit after Tax (₹ in lacs)	<b>1,072.44</b>	(113.23)
(b) Weighted average no. of Equity Shares (Nos.)	<b>35,06,510</b>	35,06,510
(c) Nominal Value of Equity Share (₹)	<b>10</b>	10
(d) Basic and Diluted Earnings per Equity Share (₹)	<b>30.58</b>	(3.23)

for LODHA & CO.,  
Chartered Accountants  
Firm Regn. No. 301051E

N.K. LODHA  
Partner

Membership No. 85155  
New Delhi, the 29<sup>th</sup> November, 2010

P.S. DRAVID      VIKAS PANDEY  
*Manager*          *Dy. Company Secretary*

BHARAT HARI SINGHANIA      *Chairman*  
J.R.C. BHANDARI  
SANJAY KUMAR KHAITAN      *Directors*  
VIKRAMPATI SINGHANIA

## Consolidated Cash Flow Statement

For the period ended 30th September, 2010

	2009-10 (12 Months)	₹ in Lacs 2008-09 (18 Months)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	1,111.22	(720.54)
Adjustment for :		
Depreciation / Amortisation	264.31	325.73
Interest Expenses	208.31	337.58
(Profit)/Loss on sale of Assets	3.20	0.53
Diminution in value of Investments	41.51	-
(Profit)/Loss on sale of Investments	(1.93)	(0.04)
Foreign Exchange Fluctuation	(24.04)	-
Interest/Dividend Received	(731.15)	(835.59)
Interest on Income Tax	0.11	0.23
Provision for Doubtful Debts/Advances	63.43	37.12
Bad Debts Written off	0.29	-
Liabilities no longer required written back	(53.02)	-
<b>Operating Profit before working capital changes</b>	<b>882.24</b>	<b>(854.98)</b>
(Increase)/ Decrease in Trade and Other Receivables	(2,092.98)	2,446.63
(Increase)/ Decrease in Inventories	(711.93)	275.70
Increase/ (Decrease) in Trade Payables	1,228.65	(3,154.92)
<b>Cash generated from Operations</b>	<b>(694.02)</b>	<b>(1,287.57)</b>
Direct taxes paid (Including FBT)	(16.18)	(99.57)
<b>Net Cash generated from Operations</b>	<b>(710.20)</b>	<b>(1,387.14)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(774.93)	(211.72)
Sale of Fixed Assets	29.08	80.22
Purchase of Investments	(0.50)	(2,070.35)
Sale of Investments	392.75	400.04
Interest Received	16.55	85.47
Dividend Received	702.06	890.05
<b>Net Cash used in Investing activities</b>	<b>365.01</b>	<b>(826.29)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	557.18	338.70
Repayment of borrowings	-	(3.30)
Proceeds from short term borrowings	103.02	755.11
Interest Paid	(191.62)	(315.79)
<b>Net cash used in financing activities</b>	<b>468.58</b>	<b>774.72</b>
<b>Net increase in Cash and Cash equivalents</b>	<b>123.39</b>	<b>(1,438.71)</b>
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>174.12</b>	<b>1,612.83</b>
<b>Cash and Cash equivalents as at the end of the year</b>	<b>297.51</b>	<b>174.12</b>
<b>Notes:</b>		
1 Cash and Cash Equivalents Include:		
- Cash, Cheques in hand and Remittances in transit	8.37	1.24
- Balances with Scheduled Banks	289.14	172.88
Total	297.51	174.12

As per our report of even date  
for LODHA & CO.,  
Chartered Accountants  
Firm Regn. No. 301051E

N.K. LODHA  
Partner

Membership No. 85155  
New Delhi, the 29<sup>th</sup> November, 2010

P.S. DRAVID  
Manager

VIKAS PANDEY  
Dy. Company Secretary

BHARAT HARI SINGHANIA  
J.R.C. BHANDARI  
SANJAY KUMAR KHAITAN  
VIKRAMPATI SINGHANIA

Chairman  
Directors

## FLORENCE ALUMINA LIMITED

### DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the financial year ended on 31<sup>st</sup> March 2010.

#### FINANCIAL HIGHLIGHTS

Profit for the Year is ₹ 12,43,462/-. Taking into account the profit of ₹ 20,29,897/- brought forward from previous year and the tax, the surplus of ₹ 28,85,807/- has been carried to the Balance Sheet.

#### SCHEME OF ARRANGEMENT AND DEMERGER

A Scheme of Arrangement and Demerger (Scheme) between JK Agri Genetics Ltd. and Florence Alumina Ltd. has been filed in the Hon'ble High Court at Calcutta for sanction thereof pursuant to Sections 391-394 of the Companies Act 1956. The Scheme envisages transfer of Seed undertaking of JK Agri Genetics Ltd. to the Company with effect from the Appointed Date i.e., 1<sup>st</sup> April 2005. The said Hon'ble High Court pronounced judgment on 20<sup>th</sup> May 2010 and did not sanction the said Scheme. Since the Scheme was earlier approved by both Bombay Stock Exchange and Calcutta Stock Exchange where equity shares of the transferor company, namely JK Agri Genetics Limited, are listed and the fact that such Scheme was approved by the shareholders of the Company and also of the said transferor company, and also by the bond holder of the said transferor company, at their respective meetings held on 13<sup>th</sup> September 2006, it was decided to file an appeal in the Division Bench of said Hon'ble High Court. The appeal was filed on 9<sup>th</sup> June 2010 and was admitted on 10<sup>th</sup> June 2010. In the circumstances, the impact of the Scheme could not be given in the accounts till the time matter is finally disposed of by the Hon'ble Court.

#### DIRECTORS

Shri S.N. Tripathi and Shri V.K. Sharma retire by rotation and being eligible, offer themselves for re-appointment at the Annual General Meeting.

#### DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors state that :

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

#### AUDITORS

M/s Lodha & Co., Chartered Accountants, Auditors of the Company, retire and are eligible for reappointment. The observations of the Auditors in their report on Accounts read with the relevant notes are self-explanatory.

#### COMPLIANCE OF SECTION 383A OF THE COMPANIES ACT

As required under proviso to Section 383A(1) of the Companies Act, 1956, Compliance Certificate from a practising Company Secretary is annexed to this report.

#### PARTICULARS OF EMPLOYEES

The Company had no employees in the category specified under Section 217(2A) of the Companies Act, 1956.

#### INFORMATION PURSUANT TO SECTION 217(1)(e)

The requirement of furnishing particulars of energy conservation, technology absorption, etc. is not applicable to the Company. There has been no foreign exchange income or outgo during the year.

#### ACKNOWLEDGMENT :-

Your Directors wish to acknowledge their appreciation for the support and cooperation received from the Central and State Government agencies, Banks and Shareholders.

By Order of the Board  
P.K. Rustagi  
V.K. Sharma  
Directors

New Delhi

Date: 3<sup>rd</sup> July 2010

#### SECRETARIAL COMPLIANCE CERTIFICATE

Corporate Identity Number	:	U64202WB2000PLC091286
Company Registration No.	:	21-91286
Authorised Capital	:	₹ 150,00,000
Paid up Capital	:	₹ 150,00,000

To,

The Members,

Florence Alumina Limited

Kolkata

Year ended on 31<sup>st</sup> March, 2010

I have examined the registers, records, books and papers of **Florence Alumina Limited (the Company)** as required to be maintained under the Companies Act 1956, (the Act) and the rules made thereunder and also the provisions contained in the

Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March 2010.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:-

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made there under.
3. The Company is a Public Company and has much more than the minimum prescribed paid up capital and requisite number of members.
4. The Board of Directors duly met four times on 8<sup>th</sup> June, 18<sup>th</sup> August, 5<sup>th</sup> December, 2009 and 30<sup>th</sup> March, 2010, in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed, including the circular resolutions passed, if any, in the Minutes Book maintained for the purpose.
5. The Company was not required to close/has not closed its Register of Members, during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2009 was held on 29<sup>th</sup> September 2009 after giving proper notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the relevant financial year.
8. The Company advanced a loan amounting to ₹ Nil during the year to its directors and / or persons or firms or companies referred in section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company made necessary entries in the register maintained under section 301 of the Act. Not Applicable
11. As there were no instances falling within the purview of section 314 of the Act, no approval was required to be obtained by the company.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company has:
  - (i) delivered all share certificates required for transfer of shares received and after allotment of shares during the financial year- Not Applicable.
  - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) not posted warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) not transferred any amount on account of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as the same were not applicable.
  - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointment of Directors have been duly made.
15. There was no requirement of appointment of Managing Director / Whole-time Directors / Manager as the provisions of section 269 read with Schedule XIII to the Act are not applicable.
16. The Company has not appointed any sole-selling agent during the financial year.
17. The Company has obtained all necessary approvals of the Central Government/ Company Law Board/ Regional Director / Registrar of Companies and / or such other authorities prescribed under various provisions of the Act as detailed below: Not applicable.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has issued / allotted NIL equity share of ₹ 10 each during the financial year and complied with the provisions of the Act.
20. The Company has bought back NIL shares during the financial year.
21. The Company redeemed NIL preference shares / debentures during the financial year and complied with the provisions of the Act.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of section 58A or 58AA of the Act during the financial year and hence no compliance was required in this behalf.
24. The Company did not borrow any amount during the relevant financial year. Accordingly, no resolution was required to be passed u/s 293(1)(d) of the Act.
25. The Company has not made any loans and investments or given guarantee or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the relevant financial year.
31. No Show cause notice has been received in the name of the Company during the relevant financial year.
32. The Company has not received any money as security from its employees during the relevant financial year.
33. No employee's or employer's contribution to provident fund was required to be deposited with prescribed authorities pursuant to section 418 of the Act, during the relevant financial year as the same was not applicable.

**For MA & Associates,**  
Company Secretary

**(Manisha Agarwal)**

Company Secretary  
FCS 5222 CP No. 3507

New Delhi

Dated: 3<sup>rd</sup> July, 2010

#### Annexure - A

Registers as maintained by the Company

1. Minutes Books u/s 193
2. Members Register u/s 150
3. Register of Directors u/s 303
4. Register of Contracts in which Directors are interested u/s 301
5. Register of Directors' shareholding u/s 307.
6. Register of transfer of shares
7. Books of Account u/s 209

#### Annexure - B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2010: -

Sl. No.	Form No./ Returns	Particulars	Date of Filing
1	Form 66	Compliance Certificate under section 383A of the Act	15.10.2009
2.	Forms 23AC & 23ACA	Annual Accounts alongwith Auditors'/ Directors' Report etc. for the year ended on 31.03.2009 filed under Section 220 of the Act	19.10.2009
3.	Form 20B	Annual Return filed under Section 159 of the Act for AGM held on 29.09.2009	08.12.2009

Form at Sl. No. 3 was filed with additional fee on account of delay.

## AUDITORS' REPORT

### To the Members of FLORENCE ALUMINA LIMITED

We have audited the attached Balance Sheet of FLORENCE ALUMINA LIMITED as at 31<sup>st</sup> March 2010, the Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order 2003 (As amended) (The Order) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 (The Act), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexures, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 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, Profit & Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account of the company;
  - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (e) As per the information and explanations given to us, none of the directors of the company is disqualified as on 31<sup>st</sup> March 2010 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with 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 Balance Sheet, of the state of affairs of the Company as at 31.03.2010;
- (ii) in the case of Profit & Loss Account, of the Profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **LODHA & CO.**  
Chartered Accountants  
Firm Registration No.-301051E

**N. K. LODHA**  
Partner

Place : New Delhi  
Dated : 3<sup>rd</sup> July 2010

Membership No. - 85155

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (1) of our Report of even date of FLORENCE ALUMINA LIMITED for the year ended 31<sup>st</sup> March, 2010.

- (i) As per explanations and information given to us, Company has no Fixed Assets, hence provisions of clauses 4(i)(a) to (c) of the Order are not applicable to the Company.
- (ii) As per explanations and information given to us, Company does not have any inventory, hence provisions of clauses 4(ii)(a) to (c) of the Order are not applicable to the Company.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to and from companies, firms or other parties as covered in the register maintained under Section 301 of the companies Act, 1956. Accordingly, the provisions of the clauses 4 (iii)(b) to (d) and (f) & (g) of the Order are not applicable.
- (iv) 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 for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit in accordance with the auditing standards generally accepted in India, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) According to the information and explanations given to us and based upon audit procedures performed, we are of the opinion that there are no transactions that need to be entered into a register required to be maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (v) (b) of the Order are not applicable.
- (vi) The Company has not accepted any deposits from the public in terms of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder and the directives issued by Reserve Bank of India. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- (vii) Internal audit systems in the Company are commensurate with its size and nature of its business.
- (viii) According to information and explanations given to us, The Central Government has not prescribed for maintenance of cost records under section 209(1)(d) of The Companies Act, 1956.
- (ix) (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Income Tax, Wealth Tax, Cess, Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Sales-tax, Service Tax, Custom Duty & Excise Duty and other material statutory dues with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31<sup>st</sup> March 2010.  
  
(b) According to the records and information and explanations given to us, there are no dues in respect of Income Tax, Wealth Tax, Cess, Sales Tax, Customs Duty, Excise Duty and Service Tax that have not been deposited with the appropriate authority on account of any dispute.
- (x) The company does not have any accumulated losses as at the end of the current financial year. The company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xi) The company does not have any dues from financial institution or bank or debenture holders hence clause 4 (xi) is not applicable to the company.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society therefore, the provisions of clause 4(xiii) of the said Order are not applicable to the Company.
- (xiv) The company is not dealing or trading in shares, securities, debenture and other instruments hence this clause is not applicable to the company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) On the basis of information and explanations given to us, the Company has not taken any term loan during the year.
- (xvii) On the basis of information and explanation given to us, and on an overall examination of the financial statements of the company, no fund raised on short term basis have been used for long-term investment.
- (xviii) The Company has not made preferential allotment of shares to any parties or companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) No debentures have been issued/ outstanding during the year. Hence the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based on the audit procedure performed and on the basis of information and explanations provided by the Management, no fraud on or by the Company has been noticed or reported during the year nor have we been informed of any such case by the management.

For **LODHA & CO.**  
Chartered Accountants  
Firm Registration No.-301051E

**N. K. LODHA**  
Partner  
Membership No. - 85155

Place : New Delhi  
Dated : 3<sup>rd</sup> July 2010

## FLORENCE ALUMINA LIMITED

### Balance Sheet as at 31st March, 2010

		Rupees	
	Schedule	31.03.2010	31.03.2009
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	A	15,000,000	15,000,000
Reserves & Surplus			
Surplus in Profit & Loss A/C		<u>2,885,807</u>	<u>2,029,897</u>
		<u>17,885,807</u>	<u>17,029,897</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
<b>Investments</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
(a) Sundry Debtors		-	-
(b) Cash & Bank Balance	B	17,872,372	17,204,992
(c) Loans & Advances	C	<u>1,294,784</u>	<u>875,314</u>
		<u>19,167,156</u>	<u>18,080,306</u>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	D	<u>1,281,349</u>	<u>1,050,409</u>
<b>NET CURRENT ASSETS</b>		<u>17,885,807</u>	<u>17,029,897</u>
<b>PROFIT AND LOSS ACCOUNT</b>		-	-
		<u>17,885,807</u>	<u>17,029,897</u>

#### Significant Accounting Policies and Notes on Accounts

Schedules A to D and G attached to the Balance Sheet are an integral part thereof.  
As per our report of even date

For **LODHA & CO.**

**Chartered Accountants**

**N. K. Lodha**

**Partner**

New Delhi

3<sup>rd</sup> July, 2010

V.K. Sharma

P.K. Rustagi

*Directors*

### Profit and Loss Account For the Year ended 31<sup>st</sup> March, 2010

		Rupees	
	Schedule	31.03.2010	31.03.2009
<b>INCOME</b>			
Other Income	E	<u>1,273,235</u>	<u>1,503,011</u>
		<u>1,273,235</u>	<u>1,503,011</u>
<b>EXPENDITURE</b>			
Other Expenses	F	<u>29,773</u>	<u>52,608</u>
		<u>29,773</u>	<u>52,608</u>
<b>Profit before Tax</b>		<u>1,243,462</u>	<u>1,450,403</u>
<b>Provision for Tax</b>			
Current Tax		<u>387,552</u>	<u>455,186</u>
Deferred Tax		-	-
Fringe Benefits Tax		-	-
<b>Profit after Tax</b>		<u>855,910</u>	<u>995,217</u>
<b>Profit/(Loss) Brought Forward from Previous Year</b>		<u>2,029,897</u>	<u>1,034,680</u>
<b>Balance Carried to Balance Sheet</b>		<u>2,885,807</u>	<u>2,029,897</u>
Basic / Diluted Earning per Share (₹)		<u>0.57</u>	<u>0.66</u>

#### Significant Accounting Policies and

#### Notes on Accounts

Schedules E to G attached to the Profit & Loss Account are an integral part thereof.  
As per our report of even date

For **LODHA & CO.**

**Chartered Accountants**

**N. K. Lodha**

**Partner**

New Delhi

3<sup>rd</sup> July, 2010

V.K. Sharma

P.K. Rustagi

*Directors*

		Rupees	
		31.03.2010	31.03.2009
<b>Schedule - A</b>			
<b>SHARE CAPITAL</b>			
<b>Authorised :</b>			
Equity Shares - 15,00,000 shares of ₹ 10/- each (Previous Year 15,00,000 shares of ₹ 10/- each)		15,000,000	15,000,000
		<u>15,000,000</u>	<u>15,000,000</u>
<b>Issued, Subscribed &amp; Paid up:</b>			
Equity Shares - 15,00,000 shares of ₹ 10/- each (Previous Year 15,00,000 shares of ₹ 10/- each)		15,000,000	15,000,000
		<u>15,000,000</u>	<u>15,000,000</u>
<b>Note:</b>			
100 % Equity Shares are held by JK Agri Genetics Ltd., the Holding Company.			
<b>Schedule - B</b>			
<b>CASH AND BANK BALANCE</b>			
Cash in hand (as Certified by Management)		-	-
Balances with Scheduled Banks-Current Account		645,822	504,992
Fixed Deposit with Bank		<u>17,226,550</u>	<u>16,700,000</u>
		<u>17,872,372</u>	<u>17,204,992</u>
<b>Schedule - C</b>			
<b>LOANS AND ADVANCES</b>			
(Unsecured and considered good)			
Loans		-	-
Advances recoverable in cash or in kind or for value to be received		815	815
Interest Receivable		21,745	28,191
Advance Tax including TDS		<u>1,272,224</u>	<u>846,308</u>
		<u>1,294,784</u>	<u>875,314</u>

#### Schedule - D

#### CURRENT LIABILITIES & PROVISIONS

#### A) CURRENT LIABILITIES

Micro & Small Enterprises

Other Liabilities

**B) PROVISION FOR TAX**

**Total (A+B)**

	Rupees	
	2009-10	2008-09
<b>Schedule - E</b>		
<b>Other Income</b>		
Interest from Bank on Fixed Deposit	1,273,235	1,503,011
(Includes tax at source ₹ 1,28,684/-, Previous Year ₹ 2,78,350/-)		
<b>TOTAL</b>	<u>1,273,235</u>	<u>1,503,011</u>

#### Schedule - F

#### ADMINISTRATIVE, SELLING & OTHER EXPENSES

Audit Fee	13,236	11,030
Legal & Professional Charges	1,655	14,192
Directors Fee	3,000	3,000
Interest on Income Tax	10,752	22,689
Filing Fee	1,000	1,530
Bank Charges	130	167
	<u>29,773</u>	<u>52,608</u>



## FLORENCE ALUMINA LIMITED

### Schedule – G

#### ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

##### I. SIGNIFICANT ACCOUNTING POLICIES

1. Significant Accounting Policies adopted in preparation and presentation of financial statements.

- 1.1 Accounting Concepts:  
The Accounts of the Company are prepared under Mercantile System of Accounting on Historical Cost and in accordance with generally accepted accounting principles, applicable Accounting Standards and requirement of the Companies Act, 1956 unless otherwise referred herein.
- 1.2 Valuation of Fixed Assets:  
Fixed Assets are stated at their Original Cost, Net of CENVAT, less Accumulated Depreciation Addition includes Purchase Cost, Freight, Duties and other expenses including borrowing cost wherever incurred for acquisition and installation.
- 1.3 Method of Depreciation:  
Depreciation on all Fixed Assets are calculated under Straight Line Method on single shift basis at the rate specified in Schedule XIV to the Companies Act, 1956. Depreciation includes amount written off in respect of leasehold land over the period of lease. Depreciation are calculated on prorata basis on additions and deletions of Fixed Assets during the year except for assets costing ₹ 5000/- or less on which 100% Depreciation are provided. Depreciation on individual items of plant and machinery costing ₹ 5,000/- or less is being provided at normal applicable rates, whenever aggregate cost of such items constitute more than 10% of the total cost of plant and machinery in accordance with amendments of Schedule XIV to the Companies Act, 1956 vide Notification No. 101(E) dated 1.3.1995.
- 1.4 Treatment of Contingent Liabilities:  
Contingent Liabilities are not provided for and are disclosed by way of Notes to Accounts.
- 1.5 Current Tax is the amount of tax payable on the estimated taxable income for the current year as per the provision of Income Tax Act, 1961. Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being difference between taxable income and accounting income

##### II. NOTES TO ACCOUNTS

1. Contingent Liability : Nil
2. Disclosure as required under Accounting Standard 18 "Related Party Disclosure" is as under:  
A. List of Related Parties (as certified by the management)  
i) Parties where control exists:  
JK Agri Genetics Limited – Holding Company,  
Transaction during the year-Advance received & Repayment ₹ 2,09,270/- (Previous year ₹ 1,13,429/-)  
Closing Balance at the year end Nil (Previous year - Nil)
3. Earning Per Share:
- |   | 2009-2010 | 2008-2009 |
|---|-----------|-----------|
| (a) Profit / (Loss) after tax   | 8,55,910  | 9,95,217  |
| (b) Weighted average no. of Equity shares                                 | 15,00,000 | 15,00,000 |
| (c) Nominal value of Equity shares (₹)                                    | 10        | 10        |
| (d) Earning per Share – Total<br>- Basic & Diluted - per Equity share (₹) | 0.57      | 0.66      |
4. There are no separate reportable segments as per Accounting Standard 17 "Segment Reporting", hence segment reporting is not being given.
5. No Deferred Tax Assets/Liabilities (Net) is required to be created.
6. A Scheme of Arrangement & Demerger between JK Agri Genetics Limited and the Company u/s 391-394 of the Companies Act, 1956 ("The Scheme") was filed with the Hon'ble High Court of Calcutta, pursuant to which the Seed Undertaking of JK Agri Genetics Limited is proposed to be transferred to the Company w.e.f. appointed date i.e. 1<sup>st</sup> April, 2005. The said Hon'ble High Court by its judgement dated May 20, 2010 did not approve the said Scheme. However, an appeal to the Division Bench of the said Hon'ble Court has been filed, which is pending for final disposal. The impact of the Scheme would be given in the financial results w.e.f. the said appointed date, after the scheme is sanctioned by the said Hon'ble Court.
7. The details of amounts outstanding under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) to the extent information available with the Company are as under: (i) Principal & Interest amount due and remaining unpaid as at 31.03.2010 Nil (Previous Year Nil), (ii) Payment made beyond the appointed day during the year: Nil (Previous Year Nil) and (iii) Interest accrued and unpaid as at 31.03.2010 Nil (Previous Year Nil).
8. Figures for the Previous Year have been regrouped/rearranged/recast wherever considered necessary.

Signature to Schedule A to G.

As per our report of even date

For **LODHA & CO.**  
**Chartered Accountants**  
**N. K. Lodha**

**Partner**  
New Delhi  
3<sup>rd</sup> July, 2010

V.K. Sharma  
P.K. Rustagi  
*Directors*

#### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956

<b>I REGISTRATION DETAILS</b>	
Registration No.	91286
State Code	21
Balance Sheet Date	31.03.2010
<b>II CAPITAL RAISED DURING THE YEAR (Amount in ₹ Thousand)</b>	
Public Issue	Nil
Rights Issue	Nil
Private Placement	Nil
Bonus Issue	Nil
<b>III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in ₹ Thousand)</b>	
Total Liabilities	19.167
Total Assets	19.167
<b>SOURCE OF FUNDS</b>	
Paid-up Capital	15.000
Reserves & Surplus	2.886
Secured Loan	Nil
Unsecured Loan	Nil
<b>APPLICATION OF FUNDS</b>	
Net Fixed Assets	Nil
Investments	Nil
Net Current Assets	17.886
Misc. Expenditure	Nil
Accumulated Profit/(Loss)	Nil
<b>IV PERFORMANCE OF THE COMPANY (Amount in ₹ Thousand)</b>	
Turnover including Other Income	1,273
Total Expenditure	30
Profit / (Loss) before Tax	1,243
Profit / (Loss) after Tax	856
Basic / Diluted Earning per Share (₹)	0.57
Dividend Rate (%)	Nil
<b>V GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY</b>	
(As per Monetary terms)	
Item Code No.	Nil
Product Description	N.A.
New Delhi	V.K. Sharma
3 <sup>rd</sup> July, 2010	P.K. Rustagi <i>Directors</i>

#### Cash Flow Statement as required by Accounting Standard on Cash flow Statement AS-3 is as under:

	(Rupees)	
	2009-2010	2008-2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Tax and extra ordinary items	1,243,462	1,450,403
Adjustment for :		
Interest Income	(1,273,235)	(1,503,011)
Interest on Income Tax	10,752	22,689
<b>Operating Profit before working capital changes</b>	(19,021)	(29,919)
(Increase)/ Decrease in Trade and Other Receivables	-	-
(Increase)/ Decrease in Inventories	-	-
Increase/ (Decrease) in Trade Payables	(17,263)	7,708
<b>Cash generated from Operations</b>	(36,284)	(22,211)
Direct taxes paid	(576,017)	(268,609)
<b>Cash generated from Operations</b>	<b>(612,301)</b>	<b>(290,820)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Interest Received	1,279,681	2,094,352
Net Cash used in Investing activities	<b>1,279,681</b>	<b>2,094,352</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Net cash used in financing activities	-	-
Net increase in Cash and Cash equivalents	667,380	1,803,532
Cash and Cash equivalents as at the beginning of the year	17,204,992	15,401,460
Cash and Cash equivalents as at the end of the year	<b>17,872,372</b>	<b>17,204,992</b>

As per our report of even date

For **LODHA & CO.**

**Chartered Accountants**

**N. K. Lodha**  
**Partner**

New Delhi  
3<sup>rd</sup> July, 2010

V.K. Sharma  
P.K. Rustagi  
*Directors*







